Hotel Community Impact Assessment

April 2025

DESTINATION VANCOUVER

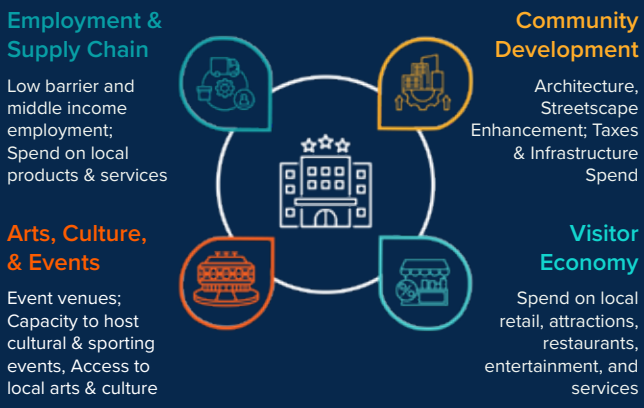
BRITISH COLUMBIA HOTEL ASSOCIATION

Executive Summary

Hotels provide significant economic and social benefit to communities.

They generate substantial employment opportunities both in-house and throughout local supply chains. They support the visitor economy which, in turn, results in substantial spending on local food and beverage, retail, services, transportation, and attractions. They provide essential spaces for business and community events, cultural activities, and social gatherings. And they enhance the city's urban landscape, contributing to public art, plazas, architecture, streetscapes, and street activation.

Figure 1: Hotel Contribution to Complete Communities



Despite their positive contributions to the community, demand for hotel space in Vancouver is currently outstripping supply.

In 2022, Destination Vancouver estimated that Vancouver needs an additional 10,000 hotel rooms between 2023 and 2050. This represents more than a 70% increase from today's inventory. Meeting this need will require a coordinated effort from developers, the City of Vancouver, and hotel operators.

Shifts in the real estate market have made hotel development more feasible in recent years, resulting in renewed hotel development interest.

In addition, development of alternative asset classes, such as residential strata and office, has become less feasible in the current market, providing an economic opportunity for hotel development to occur. Market cycles favouring hotel development are infrequent and must be capitalized on with urgency to address hotel room shortage.

Addressing hotel needs in Vancouver is not just about increasing the quantity of hotel rooms, but also about delivering a diversity of hotels to meet market demand.

Today, more than 90% of Vancouver's hotel capacity is downtown. In addition, nearly half of Vancouver's hotel room capacity is considered upscale or luxury. Meeting hotel demand will require delivering hotels for a wide range of budgets across many neighbourhoods throughout the city.

The Hotel Development Task Force developed and assessed five hotel development scenarios to demonstrate how Vancouver can help meet demand for diverse hotel offerings.

These scenarios include:

Scenario	Need Met
'The Event Space'	Corporate and community event and convention hotel capacity.
'The Big Brand'	Large full-service hotels at an upper mid-market price point.
'The Familiar'	Limited-service, extended stay hotels in commercial districts.
'The Basics'	Modern, budget-friendly options that cater to young people.
'The Urban Resort'	Unique, high-service, boutique hotel experiences.

Each scenario was assessed to understand the conditions under which this hotel type is feasible to build and operate, as well as its anticipated impact on the local economy and community.

Analysis included:

- Conceptual hotel design to understand challenges to hotel design and permitting,
- Conceptual proforma development to understand hotel competitiveness with other land uses and the unique financial and operational risks affiliated with various forms of hotel development, and
- Development of an employment, procurement, and tax profile to understand direct and indirect economic impacts affiliated with hotel operations.

The hotel scenario analysis revealed a wide range of roles hotels play in the community.

Hotels are economic enablers—generating wide-ranging economic opportunity for entrepreneurs, industries, and the regional workforce. Hotels act as social and cultural anchors—filling essential accommodation needs and generating unique access to local arts and culture for visitors. And hotels play a critical role in the development of complete communities in their activation of urban streetscapes and contributions to architectural interest and gathering spaces.

For the purpose of understanding the total local economic and community impacts of delivering 10,000 hotel rooms, assumptions have been made about how much each of these hotel scenarios might contribute to hotel supply. The following assumptions were made for tallying up the economic and community benefits.

- 'The Event Space' hotel—the largest of the hotels studied—is anticipated to deliver up to 15% of future hotel capacity in the form of large luxury meeting and event-oriented spaces.
- 'The Big Brand' hotel is anticipated to deliver up to 45% of future hotel capacity in the form of 200-300 room, 3 or 4-star full-service hotels.
- 'The Familiar' hotel is anticipated to deliver up to 25% of future hotel capacity in the form of mid-sized, limited-service, extended stay hotels.
- 'The Basic' is anticipated to deliver up to 10% of future hotel capacity in the form of small-scale, limited-service, budget friendly hotels.
- 'The Urban Resort' hotel—the smallest of the hotels studied—is anticipated to deliver up to 5% of future hotel capacity in the form of small-scale, boutique, high-service hotels.

Based on these assumptions, Vancouver could see the following local economic impacts from meeting the anticipated demand for 10,000 additional hotel rooms over the next 25 years.

- **5,450 direct local jobs created** in hospitality and accommodations
- **5,000-8,000 indirect local jobs created** in retail, recreation, transportation, and services
- **$124.9 million in annual municipal tax revenue** collected
- **$77.9 million in annual provincial tax revenue** collected

The hotel scenario analysis also revealed several unique challenges and risks affiliated with various types of hotel development.

Common challenges include:

- Difficulty accessing suitable sites and permits
- Difficulty competing with other land uses
- High development and financing costs
- High sensitivity of hotel performance to market forces

Vancouver will require a coordinated effort by developers, regulators, and hotel operators to deliver new hotel stock.

Recommendations for de-risking hotel development include:

1. **Pursuing opportunities to reduce development costs,** including deferring development cost charges, using low-cost construction techniques on smaller developments, and reducing room sizes.
2. **Designing hotels that seemlessly integrate with, and capitalize on, the unique offerings of the district** in which they are situated, including marketing the neighbourhood as part of their service offering.
3. **Pairing hotel with residential development** to help address cashflow and financing challenges.
4. **Pre-zoning hotels for added density in commercial areas and transit-oriented areas** to ensure they can compete with other uses without having to go through a lengthy rezoning process. One way to do this is to remove back of house operational spaces from density calculations.
5. **Exploring creative solutions to meeting parking and loading needs** for hotels without taking up significant ground-floor space on site.
6. **Establishing strategic partnerships** to generate consistent hotel demand, reduce operating costs, and augment guest experience.

Through these actions, Vancouver can capitalize on a rare market cycle that is favourable to hotel development. This will ensure substantial progress can be made on building diverse hotel offerings that will meet both today's hotel demand and the anticipated hotel demand of the future.

*Note: While this project focuses on hotel development in Vancouver, both the methodology and many of the opportunities identified are likely to apply across other municipalities experiencing a hotel shortage.

Acknowledgements

Vancouver Hotel Development Task Force

Co-Chair: Royce Chwin, Destination Vancouver

Co-Chair: Ingrid Jarrett, BC Hotel Association

Chris Robertson, City of Vancouver

Chuck We, Hudson Pacific Properties

Gwendal Castellan, Destination Vancouver

Joanne Burns Millar, Pacific Destinations

Marc Ricou, Bosa Properties

Martin Bruckner, Arcadis Architects

Matthew Bourke, City of Vancouver

Sean Martinez, City of Vancouver

Industry & Community Experts

Arno Matis, Arno Matis Architecture

Bruno Wall, Wall Financial Corporation

Carrie Russell, HVS Global Hospitality Services

Claire Smith, Vancouver Convention Centre

Chris Chettle, Rocky Mountaineer

David Ju, Concord Pacific

Eugene Chu, Destination Vancouver

Graeme Benn, JW Marriott Parq

Gordon Johnson, Silver Birch Hotels

Jens Moesker, Fairmont Pacific Rim

John Nicholson, Listel Hospitality Group

Michael Drake, Destination Vancouver

Michelle Collens, City of Vancouver, Sport Hosting

Stephen Chen, NAI Commercial

Tanya Matthews, Fairmont Pacific Rim

Trevor Scott, CFO Capital

Project Team

Pietra Basilij, Cascadia Partners

Andrew Camsell, Cascadia Partners

Shane Oleksiuk, Boniface Oleksiuk Politano Architects

Kevin King, Boniface Oleksiuk Politano Architects

Alejando Bueno, Boniface Oleksiuk Politano Architects

Introduction

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Introduction

Context

Hotels provide significant economic and social benefit to the communities in which they are embedded.

They generate substantial employment opportunities both in house and throughout local supply chains. They support the visitor economy which, in turn, results in substantial spending on local food and beverage, retail, services, transportation, and attractions. They provide essential spaces for business and community events, cultural activities, and social gatherings. And they enhance the city's urban landscape, contributing to public art, plazas, architecture, streetscapes, and street activation.

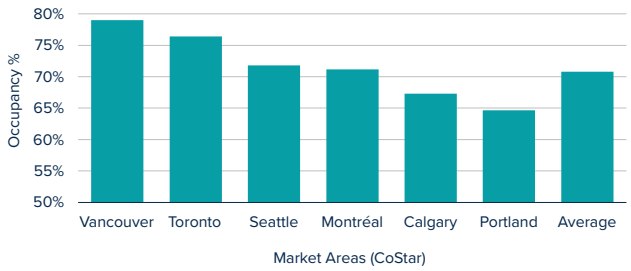
Despite their positive contributions to communities, demand for hotel space in Vancouver is currently outstripping supply.

This is demonstrated by above average occupancy rates and high average daily room rates in Vancouver compared with other comparable urban destinations.

- **High Occupancy Rates** | Vancouver is approaching 80% average annual occupancy in its hotels, with most pressure felt in peak season from April to September, where occupancy can be as high as 95%. This is well above that seen in comparable cities, which have annual average occupancy rates ranging from 70-75%[1].

Figure 3: Year to Date Occupancy - November 2024

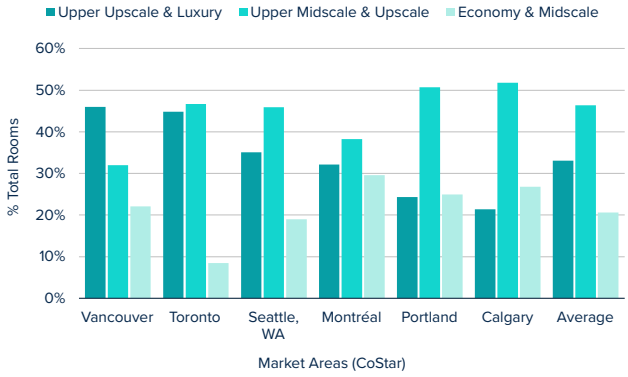
Source: CoStar Market Performance Data



- **High Average Daily Rates (ADR)** | Metro Vancouver's Average Daily Room Rate (ADR) is $280. This is $15-100+ higher than the ADR for comparable cities, whose ADRs range from $175 - $265[1]. High room rates are driven both by a hotel room shortage and a luxury-heavy hotel offering mix in comparison to similar cities[2].

Figure 4: Hotel Room Class Distribution

Source: CoStar Inventory Data - Nov 2024



In 2022, Destination Vancouver estimated that Vancouver could support the development of an additional 10,000 hotel rooms between 2023 and 2050—a figure that represents more than a 70% increase in hotel rooms from today's inventory.[3]

This hotel room deficit is the result of several intersecting economic and social forces that have led to a loss of existing hotel rooms and stalled hotel development.

- **Net Loss of Hotel Rooms** | Between 2002-2022, the number of hotel properties and hotel rooms in Vancouver fell. Several major events contributed to hotel closures, including drops in tourism during the 2004 SARS outbreak, 2008 financial crisis, and the 2020-2022 COVID-19 Pandemic. Notably, about 4% of Vancouver's hotel room supply was lost during the COVID-19 pandemic, including some older hotel stock that was transitioned to supportive housing uses. The decline in hotel rooms has disproportionately impacted hotels outside of downtown. Downtown lost 10% of its rooms in the period from 2002 to 2022, while other parts of Vancouver saw a loss of 28% of rooms.[4]

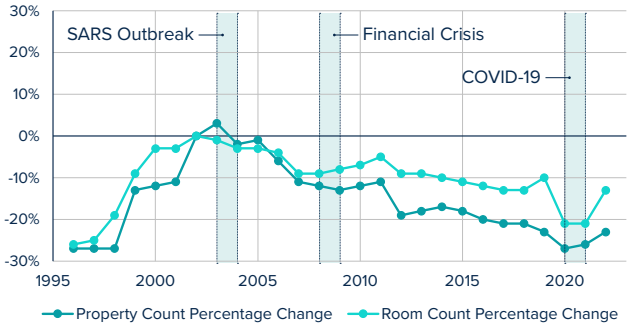
1 Co-Star Market Performance Data – Nov '24. Comparison between Vancouver, Calgary, Seattle, Portland, Toronto and Montreal CoStar Markets. Data was only available at a CoStar market level, which broadly align with metro areas. Comparison of CBD/Downtown areas also show Vancouver's ADR to be relatively high, with Seattle and Toronto rates performing on par with Vancouver.

2 CoStar Hotel Inventory Data – Nov '24. Comparison between Vancouver, Calgary, Seattle, Portland, Toronto and Montreal CoStar Market Inventory data. Fraser Valley properties were excluded from the comparison set to align better with metro areas.

3 Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050. Published in November 2022.

4 Note that Downtown accounts for around 90% of hotel rooms.

Figure 5: Percent Change in Hotel Property and Room Counts, 1996 to 2022 (Index 0 = 2002)
Source: Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050

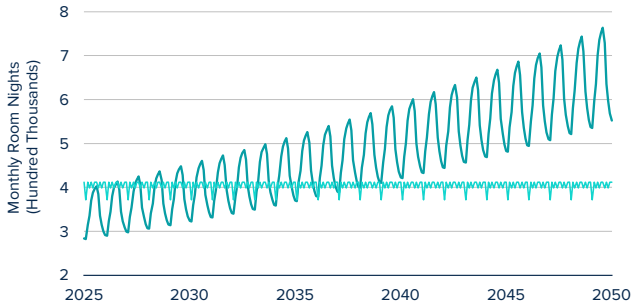


- **Stalled Hotel Development** | While major hotel closures or conversions have resulted in loss of hotel rooms, hotel development has also stalled over the last 2+ decades. Between 2002 and 2022, only 12 hotels, representing ~1900 total hotel rooms were built, most as part of mixed use housing developments. Comparable cities including Seattle, Calgary and Portland built between 2-3 times as many hotel rooms and properties during this time. This is largely due to the inability of hotel land use to compete with other land uses.

Figure 6: Hotel Rooms Built from 2005-2024
Source: CoStar Inventory Data - Nov 2024

- **Growth in Hotel Demand** | While development has stalled, demand for hotel has continued to grow, widening the gap between hotel demand and supply. In 2022, Destination Vancouver and MNP forecast that the demand for hotel rooms in Metro Vancouver would grow by around 2.7% annually, increasing from 7 million room nights in 2025 up to around 14 million room nights by 2050. In the summer months, demand is forecast to exceed supply in Metro Vancouver by 2028, and by 2040, demand is projected to exceed current supply for every month of the year. Increases in demand have been driven by: growth in travel and tourism; increased economic activity; population growth; and growth in Vancouver as a major event destination.

Figure 7: Forecast City of Vancouver Room Night Supply & Demand
Source: Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050



Recent shifts in the real estate market have made hotel development more feasible in recent years.

Specifically:

- End unit values for stratified residential have declined, resulting in lower land values for this product.
- A large amount of new office space has been absorbed in the post-covid market such that the demand for office space is generally satisfied. The resultant lack of demand for new office space has also resulted in declining land values.

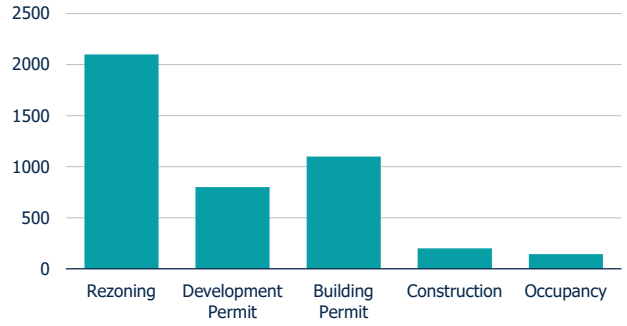
Overall, this has led to softening land values for key competing uses, resulting in hotel land values & use becoming a competitive option.

Rental land continues to be competitive and politically in favour. In areas such as the Broadway Corridor, rental land is now transacting at $130-$150 per square foot buildable down from $175 to $225 per square foot buildable in 2022.

Market changes are resulting in renewed interest in hotel development in Vancouver which creates both opportunity and urgency to act to resolve Vancouver's hotel shortage.

Renewed interest in hotel development is reflected in the City of Vancouver's development permit pipeline. As of March 2025, City staff have logged 22 hotel development projects at various stages in the permitting process, representing a total of 4,200 hotel rooms. About 60% of the hotel rooms in the development pipeline represent new construction, while the remaining 40% represent conversions of commercial space or additions or alterations to existing hotels.

Figure 8: Hotel Development Pipeline (Room Numbers by Permit Stage)
Source: City of Vancouver, March 2025



Although interest in hotel development has seen a resurgence in recent years, several challenges or barriers to development continue to impact the viability of individual hotel projects.

Hotel-specific design, permitting, financing, and operational challenges continue to make it difficult for hotel use to compete with other land uses and make it more risky as a form of investment. Examples of this include:

- **Design Efficiency** | Hotels can be less space-efficient than other forms of development, particularly full-service hotels with a complex mix of amenities, room types, and back of house uses on site. When held to the same design standards or densities as residential development, it can be challenging to recover the same price per square foot buildable on hotel development, making it difficult to compete with other uses.
- **Loading & Drop-Off Requirements** | Meeting vehicle loading, maneuvering, and passenger drop-off requirements for hotel developments can require a substantial amount of space. This limits the number of sites of suitable size and configuration to accommodate a hotel development.
- **Rezoning Requirements** | Hotel use is not permitted at a sufficient density to be competitive with other land uses in several of Vancouver's neighbourhoods, requiring developers to apply for rezoning prior to proceeding with a development permit application. This process can be lengthy, adding to project timelines and costs.
- **Financing Standards** | Due to the risk profile of hotel development, lenders typically offer lower loan-to-value ratios, requiring more up front equity from developers. Whereas alternate land uses like strata residential can take advantage of pre-sales to provide cash during development, hotels require developers to have deep pockets and to tie up cash up-front with no payback for several years during permitting, construction, and stabilization. This is a major barrier to entry, and can preclude some developers from entering the hotel development space.
- **Operational Uncertainty** | Hotel revenues and operating costs are more susceptible to outside market forces than other types of development. Revenues are highly sensitive to occupancy and room rates, and rising labour costs can drive significant increases to hotel operating costs.

Addressing barriers to hotel development will be critical to closing the gap between hotel supply and demand, enabling growth of regional tourism, and unleashing the economic and social benefits that accompany hotel development.

Report Purpose

This report aims to articulate:

- A clear vision for hotel development in Vancouver,
- The anticipated community impacts of pursuing that vision, and
- A strategic path forward for realizing this vision.

It was crafted with three key audiences in mind:

1. **Policymakers:** To help inform supportive policy for hotel development.
2. **Developers and Real Estate Investors:** To highlight diverse hotel development opportunities in Vancouver and benefits of investing in Vancouver's hotel market.
3. **Communities:** To demonstrate the social and economic benefits hotels bring to local neighborhoods and the broader city.

Introduction

Hotel Vision for Vancouver

Addressing hotel needs in Vancouver is not just about increasing the quantity of hotel rooms, but about delivering a diversity of hotel options that will satisfy unmet demand in the market.

Hotels that effectively match customer demand with hotel type, size, and location are better positioned to:

- **Stimulate growth of new and existing visitor segments** that have previously been underserved in the Vancouver market.
- **Reduce the burden of tourism on urban infrastructure,** including transportation infrastructure and greenspace.
- **Spread out the economic benefit of the visitor economy** throughout Vancouver's commercial districts.
- **Maximize positive social, cultural, and community development impacts** of hotel projects.
- **Seamlessly integrate with, and contribute to, the urban design** of the districts they are situated in.

The Hotel Development Task Force developed and assessed five hotel scenarios to help demonstrate the diversity of hotel types needed to satisfy unmet demand in Vancouver.

These scenarios (outlined below and detailed throughout this report) are not intended to cover all forms of hotel development; rather, they are designed to illustrate a viable path forward for meeting gaps in hotel supply while maximizing community benefit. Each hotel type is anticipated to play a role in closing the gap between hotel supply and demand in Vancouver.

Scenario	Need Met
'The Event Space'	Corporate and community event and convention capacity.
'The Big Brand'	Large full-service hotels at an upper mid-market price point.
'The Familiar'	Limited-service, extended stay hotels in commercial districts.
'The Basics'	Modern, budget-friendly options that cater to young people.
'The Urban Resort'	Unique, high-service, boutique hotel experiences.

Methodology

Several steps were taken to evaluate the viability of each hotel scenario.

1. **Conceptual designs** were completed for on imagined sites, based on commonly occurring site conditions and standard assumptions regarding site size, building height or density, number of rooms, size and type of amenities, and space efficiency.
2. **Conceptual proformas** were developed for each scenario, using standard assumptions for development costs, land costs, occupancy levels, average daily room rates, net operating income, and capitalization rates.
3. **Comparisons with current land use policies** were completed to identify where each scenario aligns with, or falls outside of, current land use and planning policies.

The findings from preliminary viability assessments were used to adjust the scenarios in size, form, or function to understand the conditions under which developments become more viable or profitable projects.

Several steps were then taken to articulate the anticipated impact of each hotel scenario on specific districts and wider Vancouver community:

- **Direct and indirect economic impacts** were calculated by developing realistic operating assumptions, visitor spend profiles, and procurement profiles for each scenario.
- **Social and community impacts** were assessed by reviewing the economic, social, cultural, and infrastructure impacts of similar hotel projects, both locally and in other cities.
- **Urban design diagrams** were developed to highlight additional design considerations for each of the five scenarios from the point of view of public benefit and contextual fit.

Each scenario is detailed in this report, including descriptions, conceptual diagrams, economic and community impacts, viability assessment outcomes, challenges or risks affiliated with development, and opportunities to de-risk each hotel and maximize its community impact.

Scenario 1

The Event Space

‘The Event Space’ is a large-scale, high-amenity hotel in downtown Vancouver, with proximity to the Convention Centre or BC Place.

This hotel offers state-of-the-art event spaces for business and leisure, luxurious accommodations, exceptional service, and on-site public space. It features a range of unique event spaces, including a chic ‘greenhouse’ rooftop venue, a grand ballroom with capacity for up to 900 people, and a variety of meeting, eating, and drinking venues on site.

This type of hotel is designed to accommodate high-end corporate gatherings and a wide variety of event types and sizes. Guests appreciate the hotel’s diverse offerings, its proximity to key locations, and its walkability, making it easy to access the seawall, shopping districts, and cultural venues.

Key features include:

Locations	
Primary	Entertainment hub (downtown)
Secondary	‘Very Vancouver’ views
Building Type	
Primary	Iconic
Secondary	Mixed-use
Guests	
Primary	High value corporate meetings
Secondary	High value leisure events
Hotel Type	
Primary	Meetings & Conventions Hotel
Secondary	Luxury, Full Service

Examples include:

- Fairmont Pacific Rim, Vancouver
- Hyatt Regency, Seattle

Why this hotel type?

'The Event Space' Hotel responds to a need for corporate event capacity in the Downtown core.

Most Vancouver hotels with event and meeting room capacity range in size from 200 rooms to 550 rooms. Of these, only 6 Vancouver hotels boast a contiguous ballroom or meeting space greater than 10,000 square feet. Constraints around meeting and event space in Vancouver limit the type of corporate meetings and events that will consider Vancouver as a destination.

Figure 1A: Property Count by Number of Rooms
Source: CoStar Inventory Data - Nov 2024

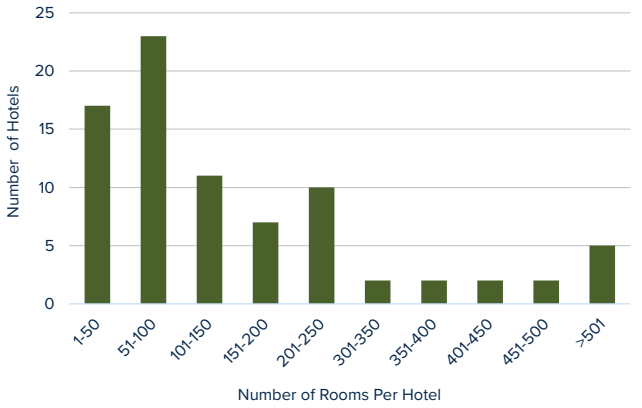
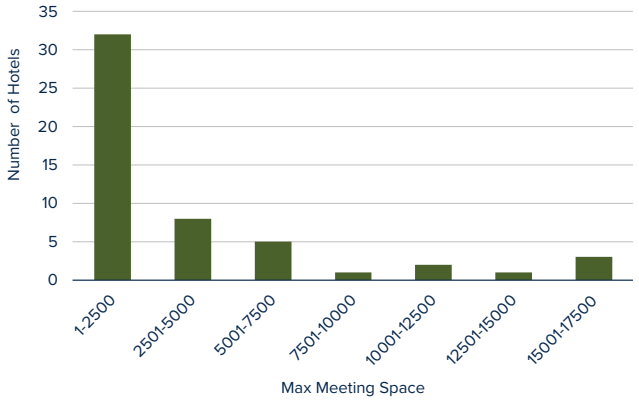


Figure 1B: Property Count by Maximum Contiguous Meeting Space
Source: CoStar Inventory Data - Nov 2024



In other urban markets, destinations with luxury 800+ room hotels and significant on-site and off-site venues for hosting large groups compete for corporate meetings. Examples of corporate meetings include large companies hosting national sales meetings or industry associations gathering their membership for annual conferences.

The seasonality of Vancouver tourism, combined with high costs of construction, is likely to limit the appeal of developing a single hotel with capacity for 800+ rooms in the Vancouver market; however, addressing gaps in meeting and event space, alongside the delivery of a significant sized hotel, could enable Vancouver to compete for corporate meetings and events that the City has previously been unable to pursue. This is particularly true if this type of hotel can be delivered in proximity to a second large, luxury hotel where event attendees can be accommodated across two sites.

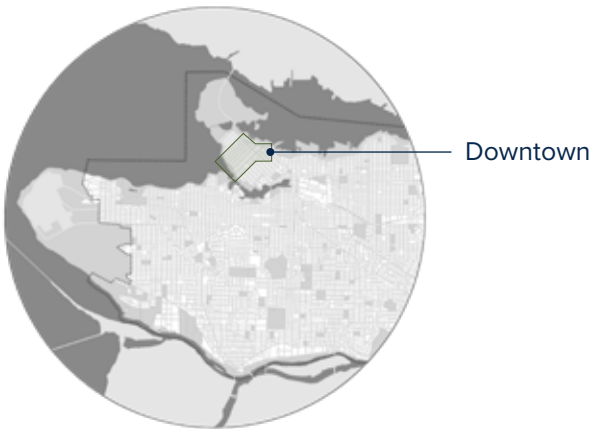
Specific gaps identified include:

- **A 20,000 square foot pillar-free contiguous ballroom** to enable gatherings of 800-1000 people.
- **Interesting on-site gathering spaces**, including both indoor and covered outdoor spaces, such as a rooftop 'greenhouse' event venue and cool bar / restaurant spaces.
- **Partnerships with off-site 'character' venues**, such as the Art Gallery, Orpheum theatre, Planetarium, or Park Board to open opportunities to accommodate large groups of 400-1000 people for team-building events, dinners, and entertainment.
- **A large room block with luxury fittings and fixtures,** including proximity to another large luxury hotel to accommodate larger corporate events across two hotel sites.

Vancouver offers event hosts a unique opportunity to host events downtown, with proximity to entertainment options, strong walkability, and great views of the ocean and mountains.

Location

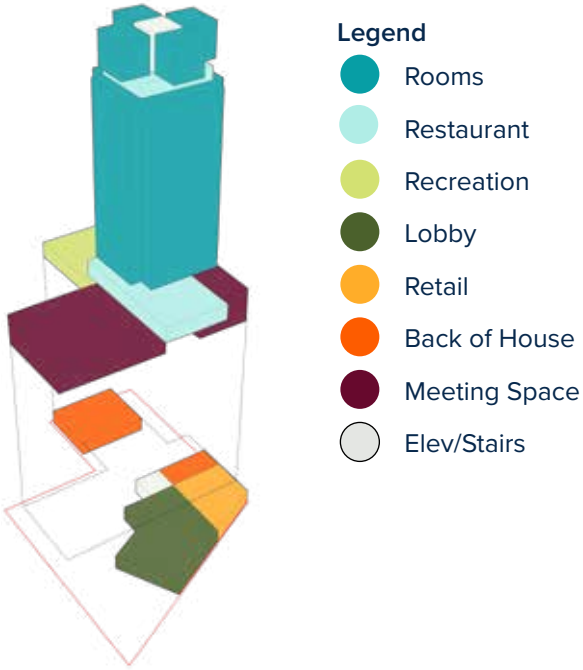
Figure **1C: 'The Event Space' Neighbourhoods**



Example of ‘The Event Space’

Program

Figure1D: Program Diagram



Key Stats	
Hotel Type	Luxury, full-service
Number of Rooms	450 rooms
Average Daily Room Rate	$400 / night
Avg. Annual Occupancy	78%
Estimated Site Size	65,000 SF
Gross Above Grade Floor Area	312,000 SF
Estimated Building Height	29 floors
Room Size	400 SF

Components

Figure 1E: Conceptual Drawing

Economic & Community Impacts

Impact Overview

The 'Event Space' meeting and convention hotel supports:

- **Extensive employment on site,** including employment in middle income and low barrier jobs.
- **Attraction of corporate meetings and conventions** including groups that tend to have high spends per visitor.
- **The event, meeting, and convention industry** through the event supply chain which includes event planning services, event rentals, food services, and entertainment.
- **Local business and community events** through access to unique venues for industry events, fundraisers, galas, and weddings.

Per Hotel Impact		
Direct Jobs	**450-500 local jobs**	• 25% supervisor, mgmt • 15% food services • 60% travel & accom. roles
Direct Wages	**$32.6 million**	• Avg. annual wage of $58k • Total includes benefits
Indirect Jobs	**300- 550 local jobs**	• 50% in food & beverage • 25% in retail, recreation, and transportation
Local Spend	**$26.9 - $49.6 million**	• 75% visitor spend • 15% in hotel supply chain • 10% in event supply chain
Municipal Tax	**$7.8 million**	• 54% property tax • 46% tourism taxes
Provincial Tax	**$4.9 million**	• 83% sales tax • 17% income tax
Federal Tax	**$6.4 million**	• 67% sales tax • 33% income tax

Total Impact @ 15% of 10,000 Rooms	
Direct Impacts	1.500 Local Jobs $109 Million in Annual Wages
Indirect Impacts	1020 - 1830 Local Jobs $90-$165 Million in Local Spend
Annual Tax Contributions	$26 Million in Municipal Tax $16.6 Million in Provincial Tax $21.4 Million in Federal Tax

See **Appendix 1** for details on economic impact calculations.

Employment Opportunities

A full service, luxury hotel is a major employer, often needing about one employee per room to staff room servicing, food and beverage, event facilities, and recreation facilities. With that in mind, 'The Event Space' is expected to directly employ 450-500 employees in-house. These tend to be stable, middle-income jobs. In the hospitality industry, accommodation has the highest percentage of full-time workers, with 83% of the workforce employed full time and in permanent positions. In addition, the average wage in the industry in the Lower Mainland is between $28 and $32 per hour (above the living wage) and is typically accompanied by generous benefits and additional income through gratuities.[1]

Employment in accommodation services can also generate diverse employment opportunities, including low-barrier jobs. Hotel employment tends to draw from a wide range of educational backgrounds, with 30% of employees having a high school diploma and another 38% having a certificate or diploma from a community college. Employment in hotels also spans age groups, with nearly 10% of employees under the age of 25 and 20% of employees over the age of 55.[1]

Figure 1F: Accommodation Workforce by Age
Source: Go2HR Tourism & Hospitality Workforce Profile in the LM

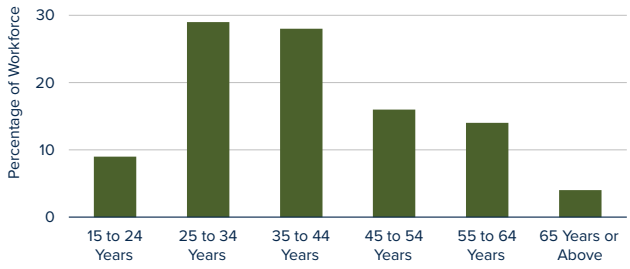
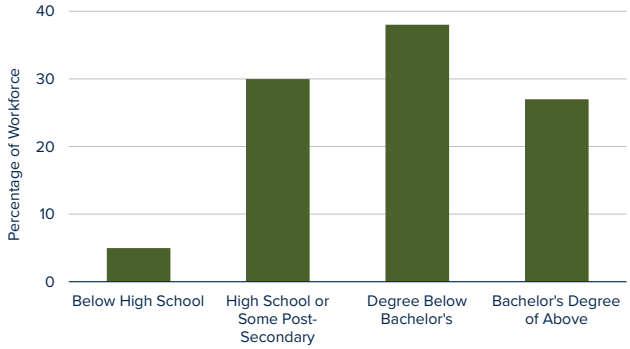


Figure 1G: Accommodation Workforce by Education
Source: Go2HR Tourism & Hospitality Workforce Profile in the LM



1 Go2HR Tourism & Hospitality Workforce Profile in the Lower Mainland 2024 | https://www.go2hr.ca/wp-content/uploads/2024/04/Lower-Mainland-Workforce-Profile-Report-April-2024.pdf

The JW Marriott Hotel participated is a participant in the City's Community Benefit Agreement program.

Under this program, it works with local staffing agencies to employ individuals that previously experienced barriers to employment.

Indirect Employment & The Event Supply Chain

The 'Event Space' hotel is anticipated to support another 300-550 local jobs as part of the hotel and event supply chain. Indirect employment is generated through visitor spending, the hotel supply chain, and the event supply chain. High-spending among luxury hotel visitors generates employment in local retail, restaurants, and personal service businesses, and hotel spending on supplies, equipment, and maintenance generates economic activity among light industrial businesses, including in the trades, manufacturing, and distribution sectors.

Through provision of additional event capacity in Vancouver, 'The Event Space' hotel also stimulates economic activity in event delivery. This includes generating additional local spend on event planning services, event rentals, and local arts and entertainment, not to mention fabrication of custom décor, marketing materials, and swag. While a portion of space rentals and food and beverage spend on events happens inside the hotel, most event planners will seek additional opportunities to engage with unique local venues and restaurants to host their groups. Spend on events can range from $150-$250+ per attendee per day, depending on the level of food and beverage service and the type of event.

Local Event Enablement

'The Event Space' not only opens the door to attracting national and international corporate events, it also provides unique spaces for local communities to gather. Up to 75% of revenues coming through banquets in Vancouver hotels is locally driven. This is because hotels are primary gathering places for weddings, galas, fundraisers, and industry events. The inclusion of a range of event spaces allows for unique activities, filling not only hotel gaps but other local community needs for unique, large-scale indoor spaces to gather.

Example local events include:

- Holiday parties and recognition events,
- Industry galas, such as the BC Technology Impact Awards or the BOMA BC's Awards Gala,
- Industry networking events, such as Chamber of Commerce Luncheons,
- Local fundraisers and leadership summits, such as the WORTH Summit dedicated to elevating and empowering women in the recreation, tourism, and hospitality industry, and
- Local business retreats, including everything from small executive retreats to gatherings of hundreds of employees from across the city or province.

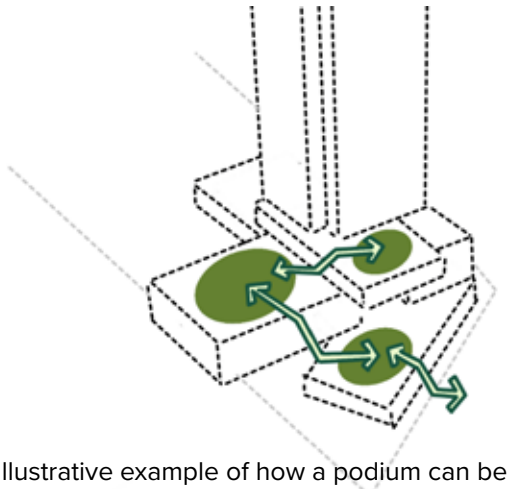
Public Amenity Delivery

The 'Event Space' includes a complex set of uses in an 'iconic' form. Hotels in this scenario will likely be on large and important sites which, in turn, may offer unique opportunities for public access or plazas, views, or rooftop spaces.

Given the scale and mass of associated hotel amenities (conference rooms, etc.) there is a likelihood of unique lower-level forms or podiums. While not intrinsically public, these spaces and their rooftops can offer unique city experiences if managed to allow for occasional public access.

These unique spaces, including rooftop event spaces and greenspaces with uncommon views of the city, provide both a public amenity and can help generate year-round demand in hotel amenities, such as bars and restaurants.

Figure 1H: Unique Semi-Public Spaces Diagram



Illustrative example of how a podium can be used to create semi-public outdoor spaces

Feasibility Assessment

Feasibility Conditions

'The Event Space' can be challenging to deliver in today's market. Ensuring the success of this type of development requires:

- Access to a significant and central site.
- Creative architectural design that maximizes opportunities for unique event experiences and views and minimizes space inefficiency.
- Permitting collaboration from the City of Vancouver to propose creative solutions to managing loading and density on site.
- Sufficient financing can be secured for land purchase and construction.
- Non-room revenues, stable room rates, and high occupancy can be delivered with relative consistency year-round.

See **Appendix 2** for details on Financial Analysis.

The primary challenges for this type of development include:

Site Acquisition

Finding large, suitable sites for this type of hotel development will be challenging. Sites will likely be limited by alleyways, regulatory design limitations (e.g. tower separation), and loading requirements that together can restrict the suitable options available. Creating and/or zoning these major 'trophy' sites may require collaborative efforts with the City.

Efficient Design

Designing an efficient building that meets the vision for unique indoor and outdoor event spaces can also be challenging. Space efficiency in hotels is low due to significant back of house space needs, including laundry and janitorial spaces, kitchen and food preparation spaces, and storage spaces for event and banquet supplies. Efficient design can be further hampered by the need for contiguous meeting spaces to be 'pillar-free', requiring the structural base of taller towers to be outside the footprint of the main ballroom.

High Cost of Development

Development costs for 'The Event Space' are exceptionally high, with luxury fittings and fixtures, complex design, and high land costs all playing a role. In total, it is anticipated that development could cost $900,000+ per key. At this cost, average daily room rates, occupancy, and non-room revenues must stay relatively high and stable to ensure profitability.

Access to Financing

Banks are typically only willing to finance at most 60%-70% of hotel projects, meaning up to 40% of development costs must be raised as equity. This can be a challenging benchmark for a development of this size that is likely to cost $375-$400 million to deliver. Only a significant size investor would have the financial capacity to invest more than $150 million in a hotel project. In addition, there are only a few banks in Canada that finance hotels, and they tend to have a limited appetite for investment, particularly given recent challenges through the COVID-19 pandemic.

High Carrying Costs & Development Fees

'The Event Space' is likely to require rezoning of a large site which can push development timelines from 3-4 years up to 5-7 years to get through permitting and construction. Carrying costs during the development process can greatly impact overall project profitability. Assuming this project scenario takes 3 years to permit, 3 years to construct, and 3 years to stabilize operations, the total carrying costs for this project are likely to be about $70 million, including $30 million in land and construction loan interest and $40 million in DCCs, DCLs, and property tax.

Escalating Cost of Labour

Wages are the primary operating cost for most hotels, making up around 50%[1] of annual operating expenses for full-service hotels. In a hotel that employs more than 450 people annually in hospitality, food and beverage, and maintenance roles, escalating labour costs can have a significant impact on hotel profitability. A 10% increase in labour costs could increase operating costs by about 3% annually, reducing the operating margin and project profitability by the same amount.[2] This could make an already challenging project infeasible.

Seasonal Demand

Hotels exceeding 400 rooms in Vancouver are rare due to the seasonality of demand. The larger the hotel, the greater the operating costs, regardless of occupancy. Although meeting and conventions tend to help smooth demand throughout the year, this business is highly dependent upon external factors, including geopolitical factors and air travel capacity.

1 CBRE Trends in the Hotel Industry - Canadian Edition 2023
2 See Appendix 3.3 for example sensitivity analysis.

How do we de-risk this hotel?

There are several opportunities to de-risk 'The Event Space' and maximize its impact, including:

Creative Design

Creative design can play a crucial role in de-risking major developments. For instance, bridging an alleyway can be used to help secure a sufficient sized site. In addition, well-designed amenities, including a 'greenhouse' rooftop venue, courtyards, and patios can help ensure high event rental volumes.

Collaborative Rezoning

To ensure development of 'The Event Space' hotel is financially feasible, developers, architects, and City staff will need to work together to achieve sufficient hotel density on a downtown site to ensure hotel can be competitive with other land uses. This may require flexibility on some design requirements, such as loading, tower separation, or building height limits.

- **Loading & Passenger Drop-Off** | Large hotels have significant loading and drop-off requirements that can occupy a large footprint. Relaxing these requirements or finding alternative ways to deliver on them, such as securing loading space through redesign of an alleyway, or designating on-street tour bus stop locations, can help meet these needs without sacrificing valuable ground-floor space.
- **Tower Separation** | Minimum tower separation distances between hotel towers or hotel and residential towers can limit the footprint of hotel towers, making it difficult to achieve sufficient hotel room density on smaller sites. Finding alternatives for meeting privacy objectives can help ensure sufficient hotel block density can be achieved.
- **View Corridors & Building Heights** | Maintaining specific view corridors and building heights can similarly limit the ability of hotel to meet needed density or space efficiency to be financially viable. Designers and planners can seek innovative ways to maintain views without sacrificing density.

Pairing with Residential Development

Pairing residential and hotel development can help with access to financing by pre-selling residential units to provide upfront capital and reduce the amount of equity that must be raised by the developer. In addition, it can help reduce financing costs as even a small reduction in loans can result in significantly less interest paid across the hotel development lifecycle. For instance, 'The Event Space' could incur total financing costs of around $30 million, (or 8%-10% of total development costs). Savings on the cost of financing can have a significant 'make or break' impact for the feasibility of a development of this size.

Pairing this type of hotel with residential is currently limited by the CBD rezoning policy to sites above 50,000 sq ft, with significant minimum commercial requirements. Amendments to the CBD Rezoning Policy are under consideration by City staff to reduce these restrictions, including allowing the addition of residential on smaller sites. This would release more viable site options for this type of hotel.

Deferral of Development Charges

Deferring regional development cost charges (DCCs) and municipal development cost levies (DCLs) through the permitting and construction phase could create significant savings. A hotel of this size could incur around $15 million of DCCs and DCLs. Deferring this cost from the point of securing a building permit through to end of construction could yield savings in the low millions. For this scenario, with an estimated construction timeline of 36 months, deferral of development charges throughout the construction period would result in $3.3 million in savings (or 0.85% of total project costs), through reduced construction loan interest.[1] This can result in a small boost to project feasibility.

There are currently options for Metro Vancouver DCCs to be deferred, whereby one third are paid at the time of Building Permit, another third are paid 1 year later, and the final third is paid 2 years later. This deferral scheme applied at both the municipal and regional level could result in about 25% of the above savings.

Local Procurement

Local procurement programs can help protect hotel developers and operators from impacts of geo-political shifts, such as tariffs on foreign goods and maximize the impact of hotels on the local economy. Hotels are major purchasers of products and services, so a local supply chain can result in millions of dollars being circulated in the local economy annually.

Hotel Operator Opportunity

Hotel Developer Opportunity

Municipal Government Opportunity

1 See Appendix 3.4 for example sensitivity analysis.

Scenario 2

The Big Brand

'The Big Brand' is a large, full-service hotel offering comfortable, standard services and accommodations in downtown or in a transit-oriented development.

This type of hotel features well-fitted, brand standard rooms and modest-size amenities, including a fitness centre, pool, restaurant, bar, and limited meeting spaces. It offers easy access to downtown cruise terminals, the convention centre, and key tourist attractions through its position near transit with walkability to nearby amenities, including shops and cafés.

It is designed for visitors that are looking for a mid-price point option and a convenient base for exploring the city before or after embarking on a cruise, attending a conference or event, or traveling throughout BC.

Key features include:

Locations	
Primary	Transit Oriented Areas
Secondary	Downtown, near stadiums or cruise terminal
Building Type	
Primary	Podium and tower
Secondary	Mid-rise
Guests	
Primary	Mid-market leisure guests
Secondary	Conference delegates / attendees
Hotel Type	
Primary	Upper Mid-market, full service
Secondary	Recognizable brand

Examples include:

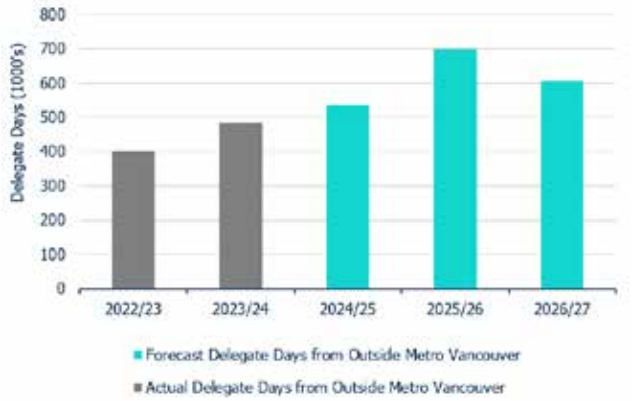
- Best Western Chateau Granville
- Tempo by Hilton, New York

Why this hotel type?

'The Big Brand' responds to a need for larger, hotels at an upper midscale price point with easy access to amenities and major event venues.

Demand for conferences and events in Vancouver has been steadily growing, driven by the city's reputation as a premier destination with world-class facilities and stunning natural surroundings. The Vancouver Convention Centre hosted 480,000 attendees from outside of Metro Vancouver in 2023/24, a 20% growth from the 2022/23 season.[1] Attendees are expected to grow to 607,000 by 2026/27, requiring around 110,000 additional annual room nights in Vancouver.[2]

Figure 2A: Convention Centre Demand
Source: BC PavCo Service Plan[1, 2]



To capitalize on demand, conference organizers need the ability to block book hotel space at an acceptable price and proximity to the conference location. Vancouver's current hotel supply makes this difficult and leads some conference organizers to look elsewhere, particularly during the busy season from May through September. Developing more mid price point hotels rooms is critical to capturing this demand.

Finding hotel blocks at reasonable prices can also be a challenge for tour operators during the busy summer season. The cruise terminal at Canada Place hosted 327 cruise ships and 1.32 million passengers between March and October of 2024, breaking the previous record for passengers set last year by more than 80,000 (a 7% year-on-year increase).[3] Rocky Mountaineer is also anticipating passenger growth over the next 5 years of up to 20% from its baseline of 85,000 annual passengers.[4] These operators are competing for hotel space during summer months and major events, such as concerts or sporting events. The standard for many tour guests is a 4-star hotel for a night or two prior to their departure.

While the Taylor Swift concerts in December of 2024 were an extreme example, Vancouver frequently exceeds its capacity to host visitors during major events, including large concerts, conventions, and sporting events. Currently, Vancouver has the capacity to host a single major event at a time but lacks the hotel capacity to host multiple large community-wide events simultaneously. Compression of hotel room capacity during the summer cruise season further limits the city's capacity to host major events throughout the summer months.

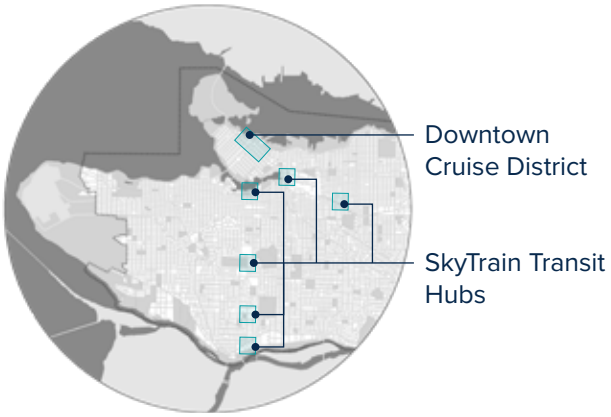
Specific gaps include:

- Affordable options for mid budget leisure and business visitors
- Hotels on transit with easy access to cruise terminal and convention hubs
- Hotels with block booking capacity and arrangements to support event and convention organizers

Downtown and transit-oriented development areas are prime locations to deliver on these needs.

Location

Figure 2B: 'The Big Brand' Neighbourhoods



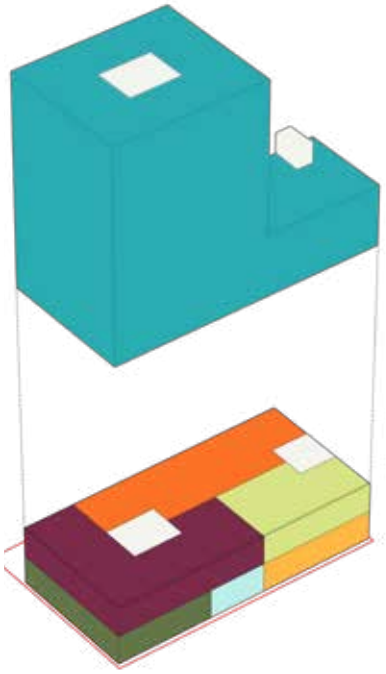
1 B.C. Pavilion Corporation 2023/24 Annual Service Plan Report | Aug 2024 | https://bcbudget.gov.bc.ca/Annual_Reports/2023_2024/pdf/agency/pavco.pdf
2 B.C. Pavilion Corporation 2024/25 -2026/27 Service Plan | Feb 2024 | https://www.bcbudget.gov.bc.ca/2024/sp/pdf/agency/pavco.pdf
3 Port of Vancouver - Record 2024 cruise season | Oct 28, 2024 | https://www.portvancouver.com/article/record-2024-cruise-season-wraps-port-vancouver

4 Shared by Chris Chettle, Rocky Mountaineer

Example of ‘The Big Brand’

Program

Figure 2C: Program Diagram



Legend

- Rooms
- Restaurant
- Recreation
- Lobby
- Retail
- Back of House
- Meeting Space
- Elev/Stairs

Key Stats	
Hotel Type	Upper midscale, full-service
Number of Rooms	330 rooms
Average Daily Room Rate	$300 / night
Avg. Annual Occupancy	78%
Gross Above Grade Floor Area	153,000 SF
Estimated Building Height	18 floors
Room Size	275 SF
Estimated Site Size	28,000 SF

Components

Figure 2D: Conceptual Drawing

Legend

- Gym
- Views
- Bar
- Sun Deck
- Coffee Shop
- Restaurant
- Loading
- Bus
- Parking
- Lobby
- Retail

Economic & Community Impacts

Impact Overview

'The Big Brand' full-service, upper midscale hotel supports:

- **Major event hosting** including large-scale conferences, cultural events, conventions, concerts, and sporting events.
- **Acting as a gateway to BC tourism** including increasing Vancouver's capacity to act as a launching point for cruise, rail, & bus tours.
- **Emergency response capacity** through expanding the ability to provide temporary accommodations in emergencies, and
- **Attraction and infrastructure investment** by generating demand for, and funding for, investment in local attractions, community infrastructure, and public transit.

Per Hotel Impact		
Direct Jobs	**180-200 local jobs**	• 25% supervisor, mgmt • 10% food services • 65% cleaning & accom.
Direct Wages	**$13.1 million**	• Avg. annual wage of $58k • Total includes benefits
Indirect Jobs	**130-230 local jobs**	• 50% in food & beverage • 50% in retail, recreation, and transportation
Local Spend	**$11.3 - $21.4 million**	• 71% visitor spend • 23% in hotel supply chain • 6% Event supply chain
Municipal Tax	**$3.9 million**	• 54% property tax • 46% tourism taxes
Provincial Tax	**$2.4 million**	• 85% sales tax • 15% income tax
Federal Tax	**$2.65 million**	• 67% sales tax • 33% income tax

Total Impact @ 45% of 10,000 Rooms	
Direct Impacts	2.700 Local Jobs $197 Million in Annual Wages
Indirect Impacts	1,890-3,510 Local Jobs $170-$322 Million in Local Spend
Annual Tax Contributions	$58 Million in Municipal Tax $36 Million in Provincial Tax $40 Million in Federal Tax

See **Appendix 1** for details on economic impact calculations.

Major Event Enablement

Hotels play a crucial role in supporting the Vancouver's ability to host major events, such as sporting events, concerts, and conventions. Increasing Vancouver's midscale hotel capacity is central to the City's ability to host multiple community-wide events simultaneously.

Major events provide a huge economic boost. A study by Destination BC of 8 major sporting events in Metro Vancouver, including the 2015 FIFA Women's World Cup and the 2019 IIHF World Junior Championships, showed that these events generated an average $8.3 million ($43.9 million in 2022 dollars if the 2010 Winter Games are included) in visitor spending and created the equivalent of 114 full-time jobs for a year (600 if 2010 Winter Games are included). [1]

Vancouver has been increasingly successful at attracting these major events, with recent major landmark events including welcoming Taylor Swift in December 2024 and the Invictus Games in February 2025. A strong major event pipeline includes the Web Summit and the FIFA World Cup.

Example: The Taylor Swift Effect

Destination Vancouver and BC PavCo estimated that the total economic impact of Taylor Swift's Nov 2024 Eras Tour in Vancouver at $157 million, including $97 million in direct spending on such things as accommodation, food and beverage, retail and transportation and more than $27 million in total tax revenue for all three levels of government.[2]

Example: Web Summit Vancouver

Web Summit Vancouver is set to be one of the world's largest tech conferences, taking place in May from 2025 to 2027. Over three years, the event is anticipated to generate $172 million in spending and $279 million in overall economic impact for British Columbia.[3]

Major events can also generate increased participation in sports activities, support for local artists and artisans in event design and entertainment, and the creation of

1 Metro Vancouver Destination Management Council - Major Events Quantitative Assessment Study | October 2022
2 Destination Vancouver - Economic Impact of $157 Million From Taylor Swift's Three Vancouver Shows | Nov 26 2024
3 GlobalNews - 'Take over the city': Massive technology summit coming to Vancouver in 2025 | June 13 2024

legacy sports and cultural infrastructure. Notably, the 2010 Winter Olympic and Paralympic Games partnered with First Nations to showcase of Indigenous culture and art in the torch relays, ceremonies, and medal designs for the games. The Olympics also resulted in significant investment in local sports infrastructure.

Emergency Response Capacity

Hotels play a crucial role in emergency response by providing immediate shelter and support to evacuees during crises. For instance, the BC Hotel Association's Emergency Management Booking Portal, developed in 2024, streamlines the process of securing accommodations for evacuees and first responders, ensuring swift and efficient relocation during emergencies.

Example: Wildfire Response

During the California wildfires in early 2025, hotels like the Hilton in Los Angeles offered thousands of free room nights to displaced individuals, demonstrating the hospitality industry's commitment to community support.

Attraction and Infrastructure Investment

Overnight visitors contribute significantly to investment in local attractions by generating a consistent customer base. In 2021, Destination Vancouver estimated that the overnight visitors to Metro Vancouver accounted for over 80% of the tourism economy.[3] This demonstrates the importance of maintaining and growing Vancouver's accommodation capacity to supporting the wider tourism and hospitality industry, including investment in recreational facilities, art galleries, and museums.

Spending by visitors also improves the viability of these services and supports reduced fees and fares for locals. For instance, the Capilano Suspension Bridge offers a free annual pass BC residents, which is supported by one-time visits by visitors from outside of BC.[4] Public transport systems such as the Skytrain also offer reduced cost monthly passes for regular users which are subsidised by full fare paying customers and tourists.

The hotel taxation structure also contributes to significant investment in community infrastructure. Tax revenues collected from hotels include:

- 8% PST (Provincial Sales Tax) – spent in line with the Provincial Budget across across healthcare, education and transport and infrastructure.
- 3% MDRT (Municipal and Regional District Tax) - applies on behalf of the City of Vancouver to fund tourism marketing, programs, and projects.
- 2.5% Additional Major Events MDRT - an additional temporary tax on accommodation in the City of Vancouver until 2030 to finance the planning, staging, and hosting of major events, including costs for public safety, security, venue preparation, and other municipal services.
- 1.5% DMF (Destination Marketing Fee) – raised by hotels in to help pay for the marketing of Vancouver as a tourist destination.

These taxes all contribute to community infrastructure development and destination development, directly or indirectly.

Figure 2E: Breakdown of Hotel Taxes
Source: Destination Vancouver - Customs & Taxes

On top of this, developing new hotels contributes to city infrastructure through:

- The City of Vancouver Development Cost Levy (DCL) DCL of approx. $30/sq ft, levied for Affordable housing, Parks, Transportation, Utilities, and Childcare capital projects.
- Metro Vancouver Development Cost Charges (DCCs) of approx. $20/sq. ft. which go toward sewer, water, park, and transit infrastructure.

A project this size (around 150,000 sq ft.) will contribute approximately $7.5 million across these charges.

3 Destination (Tourism) Vancouver - 2021 Business Sprint
4 Capilano Suspension Bridge Park - Tickets and Hours | https://www.capbridge.com/tickets-and-hours/

Feasibility Assessment

Feasibility Conditions

"The Big Brand' is a challenging project to make pencil in today's market. To be feasible, this development type requires:

- Access to land at a modest price per square foot buildable, such as $175 per square foot buildable.
- A stabilized average daily room rate (ADR) of $300 or higher.
- Modest room sizes, such as average room sizes between 250 and 270 square feet to maximize space efficiency and increase the total room density.
- Flexibility from brands on delivery of hotel amenities, such as giving up a swimming pool or fitness facilities.

See **Appendix 2** for details on Financial Analysis.

The primary challenges for this type of hotel development include:

Room Rates that Do Not Support High Cost of Construction

The Big Brand faces significant financial challenges in constructing a profitable development that can meet mid-market demand. The high cost of concrete construction needed for this type of hotel requires a high room rate for the project to be profitabile and feasible. Upper Midscale/Upscale (3-4 star) ADRs in Vancouver currently sit around $290 per night as of Nov 2024. For this development to be profitable, the ADR would need to exceed $300 and occupancy levels would need to hover around 80% annually. While these rates and occupancies are achievable, they are not guaranteed.

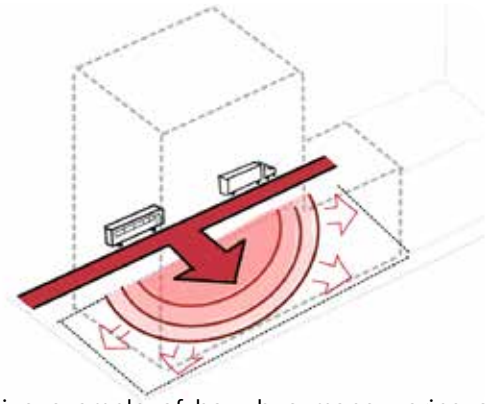
Design Restrictions

Located in the highly densified downtown area or transit-oriented development zones, 'The Big Brand' must navigate strict volume and density requirements that can limit building size on a site. As hotels have a lower space efficiency than alternative uses due to back of house requirements, it can be difficult to achieve enough room density to make hotel projects competitive with other uses.

Loading Requirements

'The Big Brand' will require significant loading and off-street passenger drop-off spaces under the City of Vancouver's requirements. Adjacent streets and lanes also have competing pressures, meaning the ability to 'borrow' space—even if on a temporary basis—from the street network will greatly impact the ability to deliver the project. The maneuvering and movements of trucks and buses on site is the primary impediment to development as it requires a lot of space. This space, in turn, competes with other programmatic demands, especially at street level.[1]

Figure 2F: Loading Space Requirement Diagram



Illustrative example of how bus maneuvering space (specifically the need for one-way bus drop-off spaces without requiring a bus to reverse) can result in a significant portion of a site at ground-level being occupied by bus circulation space.

Perception of Limited Visitor Value

Guests that primarily transit through Vancouver, such as those accessing cruises or concerts, have a reputation for visiting chain retailers and restaurants. This creates a perception that these types of visitors cause high 'economic leakage', whereby tourist expenditure does not remain in the destination's economy and contributes little to the local community.

The UN has reported that tourism 'leakage' can average between 50% and 80% of total tourist spend, although figures this high are more common in less developed countries.[2] Local ownership and involvement in the value chain is crucial to limit leakage and increase economic benefits for the community.

1 Note: While bigger hotels will have increased loading requirements and off-street passenger drop-off spaces, this principle applies to all site and scenarios. For hotels under 75 rooms, there is no off-street passenger drop off space required.
2 The Travel Foundation - Creating Equitable Destinations | 2024

How do we de-risk this hotel?

There are several opportunities to de-risk this type of hotel development & maximize its impact.

Reducing Room Sizes

Adjusting room sizes to be more compact can help reduce overall construction costs per room and support lower room rates. While this needs to be managed against brand requirements, it is not uncommon to achieve room sizes between 220 and 260 square feet. Moving from 300 square feet per room to 250 square feet per room can reduce the total construction cost of this type of hotel by 10%, which has a major impact on overall project feasibility.

Adjusting Loading Expectations

Parking and loading requirements for hotels can have a large impact on the viability of a project, as they take up significant space at grade or drive up hard costs quickly with additional parking floors below-grade. Flexibility around loading and parking could include:

- **Considering Above-Grade Loading** | There is potential to hide above grade parking and loading zones if they are effectively designed to blend with the surrounding architecture. This retains high value at-grade space and avoids the higher cost of building below grade parking.
- **Designated Tour Bus Stops** | In larger mixed-use developments, such as near Canada Place, designated tour bus stops could reduce space lost to loading for larger hotels and lessen the impact of tour buses stopping in front of smaller sites.
- **Loading/Parking Reduction Agreements** | In scenarios where alternatives are not feasible, options should be considered to soften loading or parking requirements in return for community benefits, such investment in transit connectivity.

Expanding Removal of Back-of-House from FSR Calculations Outside Downtown

Providing extra FSR or FSR exclusions for back of house facilities should be considered to help meet room block density needed to make these projects financially viable. If removing back-of-house were to release 15% more density for a hotel against competing uses, project profitability could improve by about 3%.[1] While this is already available downtown, this same approach could be used in other transit-oriented areas.

1 See Appendix 3.5 for example sensitivity analysis.

Reduced Amenities

Many amenities at a hotel operate at a lower margin than the core room block. This is particularly true in mid-market hotels, which often have less opportunity for upselling. Amenities such as recreation and meeting space can each take up 3-5%+ of the total space in a hotel and account for a similar proportion of total development cost. Eliminating oversized or less frequently used amenities can help improve project viability by reducing construction and operating costs.

Establish Large Block Booking Partnerships with Events and Attractions

Forming partnerships with local events and attractions to secure large block bookings can ensure a steady stream of guests attending conferences, conventions, or other large gatherings and enhance occupancy rates. This is particularly important in boosting low season occupancy rates.

Invest in Local Business Infrastructure Near Tourist Hubs

Example: Maker's Landing, Cape Town

Makers Landing in Cape Town is a great example of how a destination can effectively retain the economic impact of tourism. Consisting of a commercial kitchen space, various maker spaces, and demo kitchen in a renovated coal warehouse adjacent to Cape Town's cruise terminal, visitors can enjoy live music, cooking demonstrations, and culinary events.

Hotel Operator Opportunity

Hotel Developer Opportunity

Municipal Government Opportunity

Destination Development Organization

Scenario 3

The Familiar

‘The Familiar’ is a limited service, extended stay hotel in a mid-density, mixed use commercial and residential district.

Rooms include simple kitchenettes and living spaces to make longer stays more comfortable. This type of hotel has limited on-site amenities, but it is situated in a vibrant, amenity-rich neighbourhood with many restaurants, retailers, and service providers nearby.

This type of hotel is designed with ‘gig’ workers, travelling professionals, and those visiting Vancouver family or friends in mind. It is the familiar spot that regular visitors to Vancouver frequent—their home away from home.

Key features include:

Locations	
Primary	Innovation hubs, commercial streets
Secondary	Near hospitals, institutions
Building Type	
Primary	Mid-rise
Secondary	Mixed use, embedded
Guests	
Primary	Gig workers
Secondary	Local visitors (VFR)
Hotel Type	
Primary	Suite-style, kitchenettes
Secondary	Limited services and amenities

Examples include:

- Quest Apartment Hotels
- Residence Inn Vancouver by Marriott

Why this hotel type?

'The Familiar' responds to a need for extended stay hotels embedded in mixed-use commercial and residential districts.

Demand for 'The Familiar' is driven by temporary professional workers, and friends and families of locals. Almost 40% of visitors to Vancouver are here to visit friends and family.[1] With high housing prices, it is unusual for Vancouverites to have homes with guest rooms, so visitors often must find their own accommodation. Accommodation can be hard to find as Vancouver has one of the lowest numbers of hotel rooms per capita of any major Canadian or Pacific-Northwest city. This is in part because hotel development has not kept pace with population growth.

Figure 3A: Estimated Rooms per Capita
Source: CoStar Inventory Data - Nov 2024, StatCan Population Estimates and US Government Census

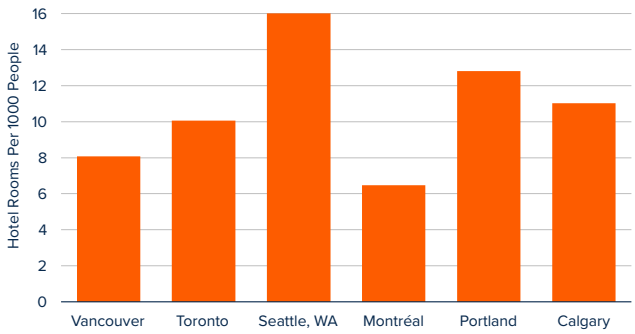
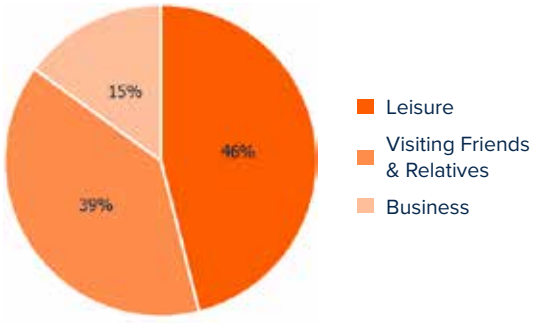
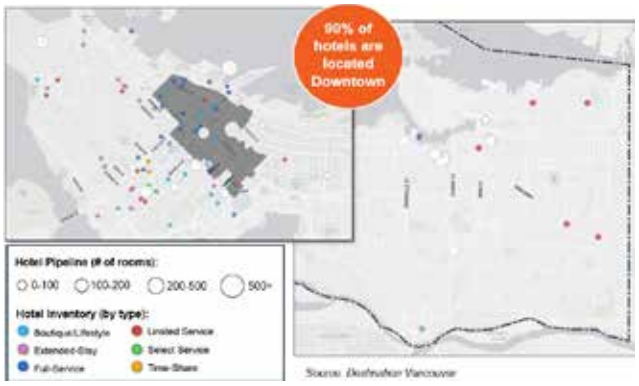


Figure 3B: Primary Visit Reasons for Those Entering Vancouver by Air
Source: Destination Vancouver Air Exit Survey 2024



Vancouver's current hotel supply is also largely concentrated downtown, with 90% of hotel rooms located in the downtown core. This is not only inconvenient for those visiting friends and family throughout Vancouver's urban mixed-use districts, it also limits the ability of business travellers, researchers, and visiting patients to find suitable accommodation in proximity to local business clusters outside the downtown core, universities and research institutions, and hospitals. These types of visitors tend to be in Vancouver for longer stays, meaning their needs are different than those visiting for leisure or business events. In addition to needing different room amenities, they also require a moderate price point to support longer visits.

Figure 3C: Current Hotel Landscape
Source: Destination Vancouver Hotel Inventory Data



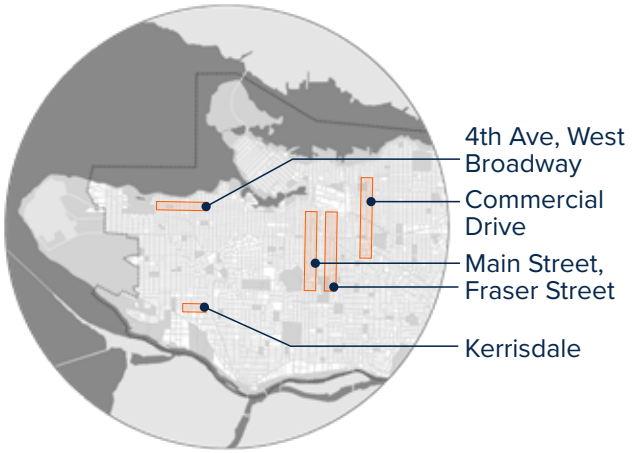
Specific gaps identified include:

- **The need for more mid-market hotel options** that provide an affordable option for longer stays.
- **The need for hotels outside the downtown core**, such as in Vancouver's commercial districts.
- **The need for more long-term stay design** including modest living spaces, kitchenettes, and laundry access for visitors.

Vancouver is positioned to meet these needs in its mixed-use districts along commercial high streets, such as Main Street and Commercial Drive.

Location

Figure 3D: 'The Familiar' Neighbourhoods

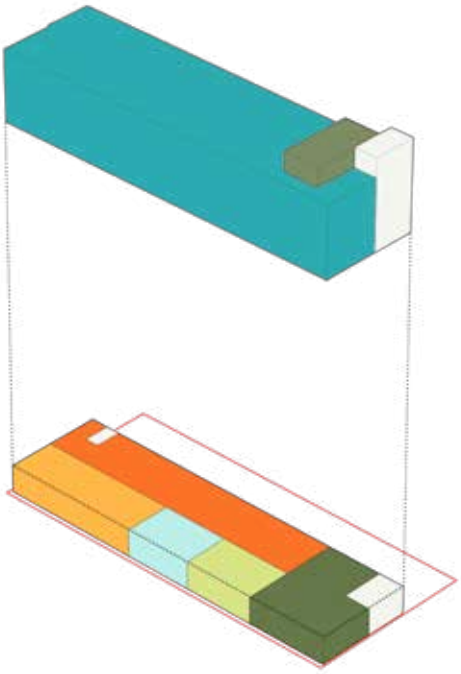


1 Destination Vancouver Air Exit Survey 2024

Example of ‘The Familiar’

Program

Figure 3E: Program Diagram



Legend

- Rooms
- Restaurant
- Recreation
- Lobby
- Retail
- Back of House
- Elev/Stairs

Key Stats	
Hotel Type	Extended stay
Number of Rooms	150 rooms
Average Daily Room Rate	$247 / night
Avg. Annual Occupancy	78%
Gross Above Grade Floor Area	78,000 SF
Estimated Building Height	6 floors
Room Size	400 SF
Estimated Site Size	28,000 SF

Components

Figure 3F: Conceptual Drawing

Legend

- Gym
- Views
- Sun Deck
- Coffee Shop
- Restaurant
- Loading
- Parking
- Lobby
- Retail

Economic & Community Impacts

Impact Overview

'The Familiar' limited service, long-term stay hotel supports:

- **Direct and indirect employment** through direct hotel operations and employment within its supply chain
- **Cluster growth** within some of Vancouver's top industry sectors, including those with significant 'gig' workers or research programs
- **Accessible and affordable accommodation** for those accessing local healthcare services, traveling for work, or visiting friends and family
- **Visitor spend and neighbourhood vibrancy** in commercial areas outside downtown.

Per Hotel Impact		
Direct Jobs	**40-50 local jobs**	• 25% supervisor, mgmt • 25% travel & accom. • 50% cleaning roles
Direct Wages	**$2.7 million**	• Avg. annual wage of $58k • Total includes benefits
Indirect Jobs	**60-90 local jobs**	• 50% in food & beverage • 25% in retail, recreation, and transportation
Local Spend	**$5.0-7.9 million**	• 90% visitor spend • 10% in hotel supply chain
Municipal Tax	**$1.5 million**	• 51% property tax • 49% tourism taxes
Provincial Tax	**$0.9 million**	• 92% sales tax • 8% income tax
Federal Tax	**$0.7 million**	• 74% sales tax • 26% income tax

Total Impact @ 25% of 10,000 Rooms	
Direct Impacts	625 Local Jobs $46 Million in Annual Wages
Indirect Impacts	950 - 1440 Local Jobs $84-$131 Million in Local Spend
Annual Tax Contributions	$25 Million in Municipal Tax $15.3 Million in Provincial Tax $11.8 Million in Federal Tax

See **Appendix 1** for details on economic impact calculations.

Cluster Development

Hotels can play a crucial role in supporting the growth and development of local business clusters. For instance, The Moore Hotel in the Miami Design District serves visiting designers and suppliers with unique, individualized suites, as well as an on-site co-working space and social club. The Seaport Hotel in Boston's Innovation District provides unique, well-appointed accommodation for researchers, investors, entrepreneurs, and experts attending meetings and events at nearby innovation centres and accelerators. Quest Apartment Hotels, with locations spanning Australia, New Zealand, and the UK, are a favourite option for those traveling or relocating for business.

Vancouver is currently seeing the densification and development of several important business districts outside the downtown core. Examples include the biotech district in Mount Pleasant, digital media district in the False Creek Flats, and design district in the Burard Slopes. Well integrated hotels in these districts can support:

- **Corporate Relocation:** Attracting talent from outside the city requires places for professionals to stay during recruitment and relocation.
- **Visiting Professionals:** Visiting experts, suppliers, researchers, and investors need accommodation when engaging with local businesses & institutions.
- **Project-Based Work:** Industries such as film and television often bring workers to town to support productions for a period of weeks or months.

While business travel declined substantially during, and in the wake of, the pandemic, the Global Business Travel Association has indicated that Canadian business travel is on the rebound and returning to pre-pandemic levels.[1] According to Destination Vancouver's 2024 Air Travel Survey, approximately 15% of visitors to Vancouver came for business reasons in 2024.

Healthcare & Patient Accommodation

Hotels play a critical role in supporting the healthcare sector in Vancouver. This includes providing accommodation for visiting specialists, doctors, and researchers, as well as providing accommodation for visiting patients. Every year, thousands of British Columbians are diagnosed with chronic conditions and diseases requiring long term stays near major hospitals and healthcare facilities. Many of these people must travel to major medical centers in Vancouver, including BC Children's Hospital, Vancouver General Hospital, and St. Paul's Hospital, to receive treatment. This is

1 Global Business Travel Association Press Release | April 24 2024

demonstrated by the 1,500 patients annually that are served through the Canadian Cancer Society travel program, and the 14,000+ travel arrangements made for BC patients by Hope Air in 2023.[2]

In 2022, there were 465 organ transplants performed in Vancouver, including 34% of patients from outside the Fraser and Vancouver Coastal Health Authorities.[3] Over the course of their treatment, the typical transplant patient is required to stay near, but not in, the hospital for three months. Assuming 90% of these patients must find local accommodation, transplants alone account for demand for about 13,000 room nights annually.

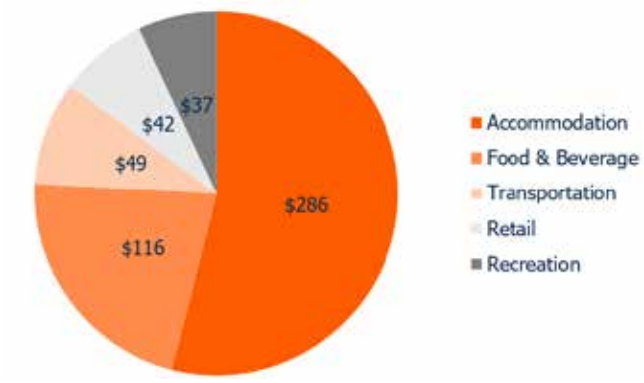
Challenges securing suitable accommodation can create significant barriers to timely treatment, causing patients stress and anxiety. In some cases, patients are reported to forgo treatment for want of secure affordable accommodations. Long-term stay hotels at accessible prices in districts near major medical centres can help address care barriers for visiting patients.

Street Vitality & Local Spend

Hotels generate significant foot traffic throughout the day, with visitors eager to explore new neighbourhoods. This not only contributes to vibrant neighbourhoods, it can also provide a steady stream of customers for local businesses. Hotel capacity outside downtown spreads out visitor spend as visitors are likely to patronize nearby restaurants, shops, attractions, and services. Since hotel visitors have a higher daily spend threshold than residents, commercial districts with hotel capacity could expect to see substantial additional revenues for local businesses.

Figure 3G: Avg. Visitor Spend Per Hotel Room Night

Source: Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050



The activity generated by the hotel directly supports ground level retail in the building and throughout the neighbourhood which can, in turn, contribute to the attraction of new businesses and amenities.

Artisans, craftspeople, and other small-scale entrepreneurs tend to be primary beneficiaries of increased exposure to tourists and visitors, offering unique products and experiences to people from out of town. Attraction of new businesses to a district can further diversify the local economy and provide access to new products and services for residents.

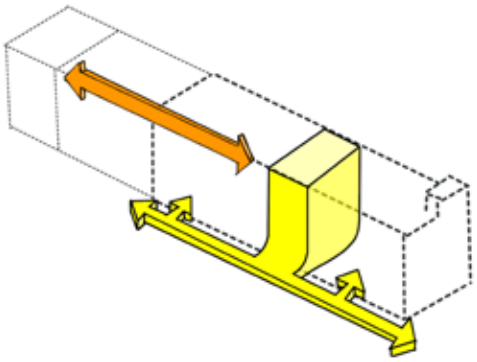
Independent businesses account for 77% of all occupied storefronts in Vancouver. While larger chain retailers and restaurants tend to be concentrated in the downtown core, mid-density commercial districts tend to boast a higher proportion of locally owned, independent businesses. This further boosts the indirect economic impact of hotels because for every $100 spent with a B.C. local business, $63 is re-circulated back into the B.C. economy, compared to $14 for multinational corporations.[4]

Hotels recirculate wealth in the community in other ways too. Participation in local community initiatives, such as the Mural Festival, Business Improvement Area initiatives, and community fundraisers provide opportunities for hotels to serve local residents in addition to visitors and local businesses.

Integration with Existing Urban Form

From an urban design perspective, the common scale of this hotel scenario allows it to be located along most arterials or urban precincts within the city. On longer buildings, a recessed entry or courtyard space could blend the lobby entry with additional pocket plaza or 'parklet' space to create additional spaces to sit or congregate on commercial streets.

Figure 3H: Streetscape Integration Diagram



Illustrative example of how a six-story hotel fits with adjacent urban forms in many of Vancouver's commercial districts (orange arrow) and can blend with street activities through parklets and activation of retail (yellow arrow).

2 Hope Air - Come On Board British Columbia | Accessed 2025/03/26 | https://hopeair.ca/bc/

3 Transplant BC - 2022 Organ Donation and Transplantation Summary | http://www.transplant.bc.ca/Documents/Statistics/2022-BC-Organ-Donation-Transplant-Summary.pdf

4 Buy BC Local - Why Local? | Accessed 2025/03/26 | https://bc-buylocal.com/why-local/

Feasibility Conditions

'The Familiar' is a project that is likely to pencil in today's market, provided the following conditions can be met:

1. Hotel use is permitted with sufficient density in mid-density, mixed use commercial districts, allowing rapid development.
2. Hotel footprint and sizes are similar to the one tested in order to fit on available sites at around 3-3.5 FSR.
3. Hard construction costs can be maintained at about $500 PSF.
4. *Occupancy rates can be maintained between 78% and 82% annually with an average daily room rate (ADR) in the range of $245 - $250.*
5. Operating costs do not exceed 50% of annual revenues at stabilized operations.

See Appendix 2 for details on Financial Analysis.

The primary challenges for this type of hotel development include:

Competitiveness with Other Land Uses

Land in densifying districts is highly sought after, with multiple residential and commercial uses competing for the same sites. This can drive up land costs. For this scenario, a 15% increase in the cost of land per square foot of buildable space can result in a 3.5% drop in profit-on-cost for this type of development, against a general target of 15%.[1] This fall in profitability is likely large enough to make many marginal projects unfeasible for a developer, as they would not assume the risk of development at that rate of return.

Securing Sufficient Density

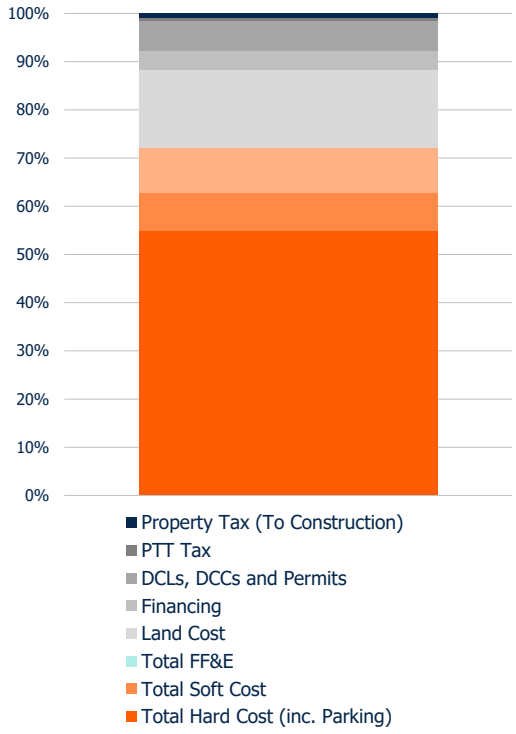
The City of Vancouver is actively seeking opportunities to permit hotel uses in mixed-use areas with neighbourhood high streets; however, these policy shifts are being implemented incrementally. While some commercial districts have been granted additional density for hotel use to compete with residential, other commercial districts require rezoning which can result in additional permitting time and uncertainty.

Development Cost Management

The feasibility of this scenario is most sensitive to construction hard costs. Currently, construction costs for this type of development are assumed to come in around $500 per square foot, resulting in a reasonable return on investment for this type of development. However, if construction costs were to increase by 10%, rising to $550 per square foot, profit margins for this scenario could drop by up to 5% against a target of 15%, rendering many of these types of projects unfeasible for developers.[2]

Additionally, Development Cost Levies and Charges (DCLs and DCCs) form a higher proportion of the overall cost structure for lower cost construction (around 6.5% of project costs), so planned increases in these levies over the coming years have the potential to reduce project profitability and feasibility.

Figure 3I: Development Cost Profile



Operating Uncertainty

The market for limited service, long-term stay hotels outside the downtown core has not been fully tested as these types of hotels are uncommon in Vancouver. This introduces operational uncertainty. Achieving desired room rates, occupancy rates, and operating margins are critical to the viability of all hotel projects, particularly those that rely almost entirely on room income.

1 See Appendix 3.1 for example sensitivity analysis.

2 See Appendix 3.2 for example sensitivity analysis.

How do we de-risk this hotel?

There are several opportunities to de-risk this type of hotel development and maximize its positive impact on the community. These include:

Strategic Location Selection

Carefully choosing a location close to areas with high demand, such as densifying commercial districts or in proximity to major hospitals can help mitigate occupancy risk. For example, the Broadway and Mount Pleasant areas in Vancouver are known for their concentration of tech companies, healthcare facilities, and creative industries. Positioning hotel development near these high-demand areas increases the likelihood of attracting a steady stream of guests year-round.

Integrated Design & Positioning

Hotel design and positioning can be vital to attracting visitors looking for a distinct Vancouver experience. Designing hotels to match the 'vibe' of vibrant local streets and neighbourhoods and marketing them alongside neighbourhood amenities, such as restaurants, bars, and entertainment options, can contribute to achieving desired room rates and occupancy. This approach also encourages guests to view the hotel as a "home away from home," increasing the likelihood of repeat visits and positive word-of-mouth recommendations.

The Moore Hotel in Miami is marketed as an integral part of the Design District.

It has amenities for visiting designers, features local design, and markets the entire district, including local design businesses, restaurants, and bars.

Wood-Frame Construction

Managing construction costs and operating costs is critical to a profitable hotel of this type and scale. Mid-rise, wood frame and/or modular construction is one of the primary ways developers manage construction costs as this can be up to $100 less per square foot than developing an equivalent concrete structure.

Expand Pre-Zoning for Added Hotel Density

Expanding districts where hotel can occupy the same floor area as equivalent rental housing projects (and greater density than residential strata) can help open the number of sites that might be eligible for this type of development. This could be applied to all Commercial High Streets and the Marine Landing Intensive Employment Area outlined in the 2023 City of Vancouver motion directed at evaluating rezoning policies.

Leveraging Technology

Implementing technologies like contactless, automated check in can streamline the guest experience and improve operational efficiency. This can allow hotels to avoid high fixed staffing costs and flex more effectively in line with seasonality and other busy periods.

Labour costs are the primary cost centre for hotels and are rising rapidly, meaning they can have a big impact on overall hotel profitability. For smaller hotel developments, limiting on-site amenities and moving to a contactless guest experience can help manage operating risks, making investment in this type of hotel development more attractive.

The Annex Hotel in Toronto employs technology to automate guest communications.

This enables the Annex to operate with 1 staff member per 10 rooms[1] as opposed to 2.5 staff members per 10 rooms (the standard).

1 Operto - How The Annex Hotel Is Thriving With a Ratio of 1.5 Staff to 24 Rooms | Accessed 2025/03/26 | https://operto.com/case-study/annex-hotel-case-study/

Hotel Operator Opportunity

Hotel Developer Opportunity

Municipal Government Opportunity

Scenario 4

The Basic

'The Basics' is a no-frills, low-amenity hotel designed for travelers who are looking for affordable accommodation.

With modular hotel construction, it offers smaller room sizes, complemented by common areas to meet the needs of guests. Located further from the downtown core and near major community event hubs, such as UBC or the Pacific National Exhibition, it is designed to serve visitors that are in Vancouver for short stays.

This hotel is designed with a few different audiences in mind, including local visitors commuting to Vancouver for work, concerts, or local sporting events, young people visiting UBC for courses or conferences, and price-sensitive visitors that are passing through Vancouver as part of wider travel throughout BC.

Key features include:

Locations	
Primary	Near local sporting venues, including the PNE, UBC
Secondary	Near or on commercial streets
Building Type	
Primary	Mid-rise
Secondary	Infill
Guests	
Primary	One-Off Event/Work Travel
Secondary	Budget 'gateway' leisure travel
Hotel Type	
Primary	Economy, limited service
Secondary	Possible pod hotel

Examples include:

- Coast Metro Vancouver Hotel
- Pangea Pod Hotels

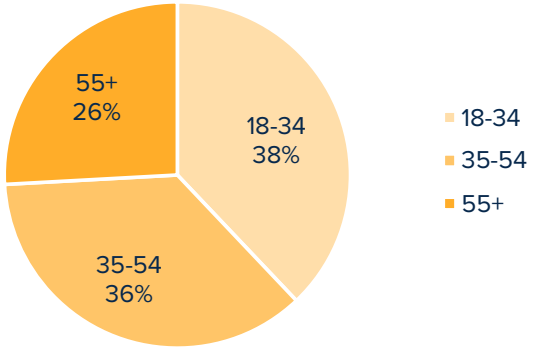
Why this hotel type?

'The Basic' responds to a need for modern, budget-friendly accommodations in Vancouver that cater to young people and support attractions and event venues.

Vancouver's hotel offerings trend toward expensive, downtown hotels, with the average daily room rate hovering around $230 in winter and $430 in summer.[1] More affordable hotel and motel options tend to further from event venues and with limited access to trendy amenities, such as shops, cafes, bars, and restaurants. The more affordable hotel and motel options on the periphery of the city also tend to be vehicle-oriented, offering parking but limited access to local transit. Many of these hotels and motels are more than 35 years old. Only about 6% of Vancouver's hotel supply serves a lower budget range.

Over one third of visitors to Vancouver are under 35. Younger travelers often seek budget-friendly accommodations that offer modern amenities and proximity to city attractions. Hotels that cater to this demographic, such as hostels and limited-service hotels, are limited in the City of Vancouver.

Figure 4A: Vancouver Visitor Demographics
Source: Destination Vancouver Air Exit Survey, Spring 2024



In addition, Vancouver hosts a variety of minor sports events throughout the year, showcasing a vibrant youth sports culture. Many of these tournaments bring together younger players from across the province or country, and affordable and well-located accommodations are key for enabling these events.

Regional 'Super-Commuters': The emergence of "super commuters", whereby employees have moved further away from office centres following the shift to hybrid work have led to a trend of people commuting long distances and staying in hotels for work on a semi-regular basis.

1 CoStar 2024 Performance Data for Downtown Vancouver, provided by Destination Vancouver.

This phenomenon is starting to be observed and addressed. Hotel brands like Accor offers such as a "Commute and Stay" package in the UK, catering to commuting workers with flexible cancellation policies and discounts. Marriott's "Day Pass" program also encourages guests to work from the property, with 6am check-in and 6pm check-out times.[2]

Colliers Canada have reported that increasing commute times in Vancouver, reinforcing the likely demand for these stays in the region.[3] In addition, CBRE's global analysis of the hotel market has revealed a significant change in hotel performance, with non-Central Business District (CBD) hotels outpacing their CBD counterparts in both occupancy rates and average daily rates (ADRs).[4]

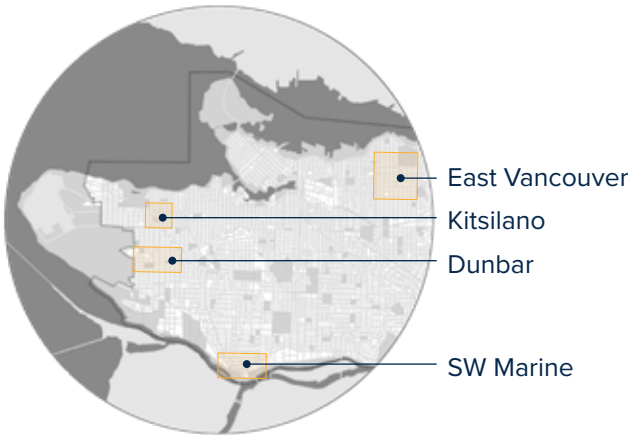
Specific gaps identified include:

- **Affordable short stay options**, with room rates under $200 per night.
- **Modest spaces with a modern aesthetic**, including spaces that are 'instagram worthy'.
- **Accommodations near community event venues**, including key sporting venues and concert venues.
- **Walkability and transit access,** enabling visitors to stay outside the downtown core or dense transit-oriented development areas without access to a personal vehicle.

Vancouver is well-positioned to address these gaps in East Vancouver, Dunbar, or Kitsilano.

Location

Figure 4B: 'The Basic' Neighbourhoods

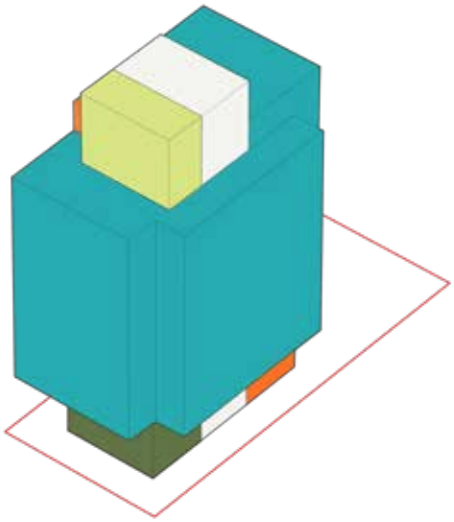


2 Skift - How Travel Companies Are Meeting the Needs of the Emerging Super Commuter | Nov 19 2021
3 BIV - Longer commutes could hinder Vancouver's office boom this year, says report | Feb 15 2024
4 CBRE - Shifting Demand Patterns Drive Non-CBD Outperformance | Nov 12 2024

Example of ‘The Basic’

Program

Figure 4C: Program Diagram



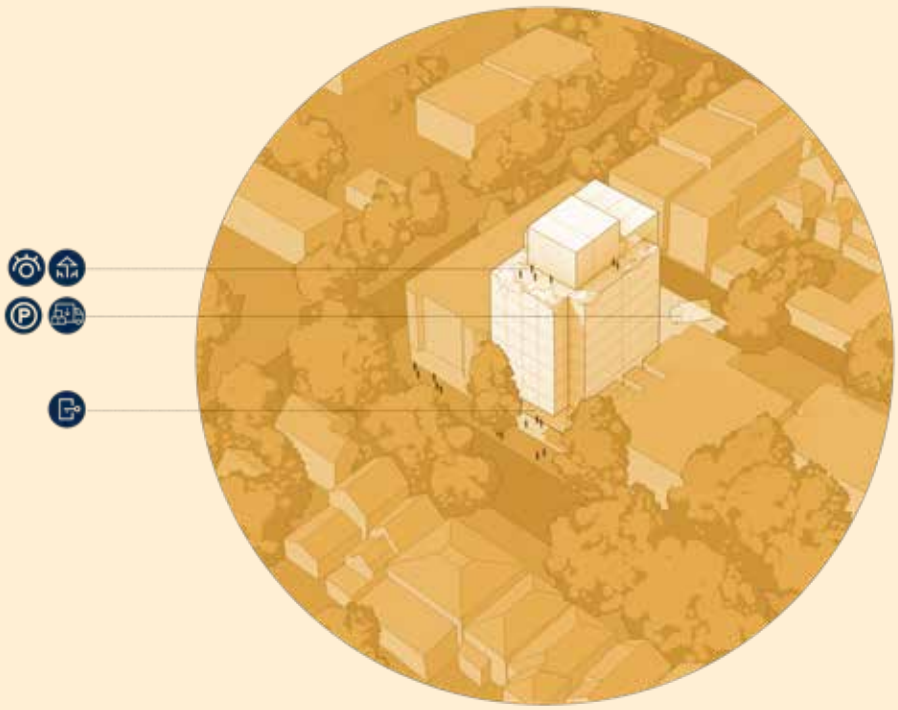
Legend

- Rooms
- Restaurant
- Recreation
- Lobby
- Retail
- Back of House
- Elev/Stairs

Key Stats	
Hotel Type	Budget-friendly, low amenity
Number of Rooms	75 rooms
Average Daily Room Rate	$190 / night
Avg. Annual Occupancy	78%
Gross Above Grade Floor Area	28,000 SF
Estimated Building Height	9 floors
Room Size	250 SF
Estimated Site Size	6,500 SF

Components

Figure 4D: Conceptual Drawing



Legend

- Views
- Sun Deck
- Loading
- Parking
- Lobby

Economic & Community Impacts

Impact Overview

'The Basic' value-driven, low-amenity hotel supports

- **Local spending in small businesses outside downtown, including spending in local cafes, bars, shops, and event venues.**
- **Vancouver acting as a Gateway for BC tourism, including providing affordable options for visitors to spend an extra night when passing through Vancouver to visit other provincial destinations.**
- **Local event enablement, including making it more accessible for Vancouver to host sporting events and concerts.**
- **Visiting researchers and students looking to engage with local industry events, academic events, and seminars.**

Per Hotel Impact		
Direct Jobs	**20 local jobs**	• 25% supervisor, mgmt • 25% travel & accom. • 50% cleaning roles
Direct Wages	**$1.4 million**	• Avg. annual wage of $58k • Total includes benefits
Indirect Jobs	**20-35 local jobs**	• 60% in food & beverage • 25% in retail, recreation, and transportation
Local Spend	**$1.9-3.1 million**	• 84% visitor spend • 16% in hotel supply chain
Municipal Tax	**$0.6 million**	• 54% property tax • 46% tourism taxes
Provincial Tax	**$0.4 million**	• 90% sales tax • 10% income tax
Federal Tax	**$0.3 million**	• 69% sales tax • 31% income tax

Total Impact @ 10% of 10,000 Rooms	
Direct Impacts	250 Local Jobs $18 Million in Annual Wages
Indirect Impacts	280 - 450 Local Jobs $25-$41 Million in Local Spend
Annual Tax Contributions	$8.2 Million in Municipal Tax $4.8 Million in Provincial Tax $3.9 Million in Federal Tax

See **Appendix 1** for details on economic impact calculations.

Gateway for BC Tourists

Vancouver serves as a vital gateway for tourism in British Columbia, offering easy access to the province's diverse offerings. As a major transportation hub with a well-connected international airport, Vancouver is the starting point for many travelers exploring BC, including those visiting Whistler, the Okanagan Valley, Vancouver Island, and BC's provincial and national parks. According to YVR's 2024 Air Exit survey, about 40% of visitors to Vancouver visit other destinations in BC as part of their trip.[1]

'The Basic' supports Vancouver as a gateway to the rest of the province in two ways:

1. **Encouraging more tourism in BC** by providing convenient and affordable accommodation at the start and end of trips. Tourism is a significant economic driver in BC. It generated $22.1 billion in revenue and contributed $9.7 billion to the provincial GDP in 2023. The industry employs over 125,000 people province-wide, paying $5.9 billion in wages, and encompasses nearly than 17,000 businesses, highlighting its crucial role in the province's economy.[2] Most tourism businesses (92%) are small businesses (employing less than 50 employees) that directly contribute to their local community economies, and nearly half (40%) of tourism businesses in the province are located outside the Vancouver, Coast and Mountains Tourism Region.
2. **Directly capturing the value of 'an extra night'** through encouraging visitor stays in Vancouver. Currently, during peak season, hotel room rates can spike to over $430 on average, with occupancy levels over 90%.[3] This can encourage BC visitors to skip Vancouver altogether or to limit their time in the city at the start or end of their trip. By opening more mid-market capacity, 'The Basic' hotel encourages an extra night in Vancouver. In 2022, Destination Vancouver estimated that the average spending per room night in Vancouver was $530, with this spend spanning accommodation, food & beverage, transportation, retail and recreation.[4]

1 Destination Vancouver Air Exit Survey 2024
2 Province of BC - Tourism Research | Accessed Mar 27 2025 | https://www2.gov.bc.ca/gov/content/tourism-immigration/tourism-resources/tourism-research
3 CoStar 2024 Performance Data for Downtown Vancouver, provided by Destination Vancouver.
4 Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050. Published in November 2022.

Support for Research and University Activity

Affordable hotels play an important role in supporting educational institutions and researchers, including graduate students, traveling to engage with educational opportunities and networking opportunities. UBC has a particularly high number of graduate students, including about 3,600 doctoral and 6,200 master's students, a significant portion of whom are international students. These groups are likely to either require short term accommodation support visiting researchers that they are collaborating with, or for themselves if living elsewhere.

The Capilano University Conference Legacy Impact Study, completed in 2023, identified significant economic, social, environmental, political and sectoral benefits to visiting researchers participating in five conferences held in Vancouver in 2022.[5] A survey of more than 200 visiting researchers revealed that as an outcome of the conferences:

- About 20% developed new products, technologies or practices
- About 25% created connections between industry and their local community
- About 35% implemented new green projects, challenges, or initiatives

In addition to providing affordable options for students and researchers visiting for events, conferences, or research exchanges, hotels near post-secondary school campuses provide convenient lodging for prospective students taking campus tours and visiting friends of students. Select service hotels are particularly suited to these locations as students and universities are often more budget constrained than business travellers, and so location and budget are the key considerations.

Support for Community Events & Amenities

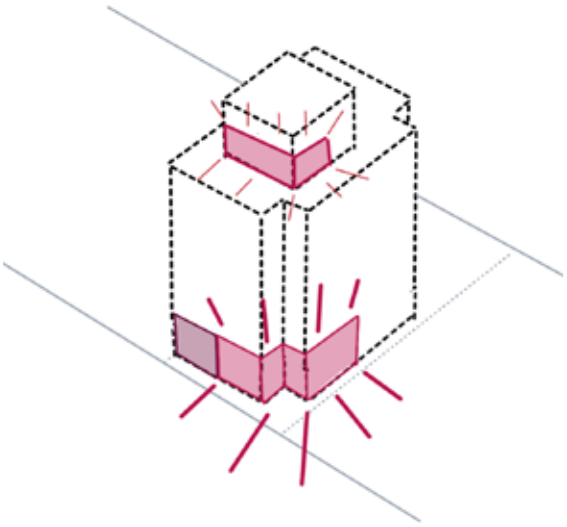
By offering reasonably priced accommodations, select-service hotels make it easier for visitors to attend local events and attractions at an affordable rate. This can boost attendance at community events and support local businesses and maintain/improve the viability of community amenities. Often, these hotels often cater to group bookings, such as sports teams or school groups. These groups bring additional revenue to the hotel and the surrounding community through extended stays and increased spending on local amenities.

The PNE forum operated events for 116 days in 2023, welcoming 278,255 guests. Although most of these guests were from the lower mainland, around 11% of visitors were from outside of BC and 4% from out of province.[6] Hotels provide a route to grow and maintain options for visitors to engage with local community venues.

Urban Integration

'The Basic' can squeeze into smaller lots, making it an easier fit for many urban neighbourhoods without being disruptive to the streetscape or out of scale with surrounding development. Because the hotel has small rooms and limited additional amenities, it can maximize hotel use and the number of visitors on a small site. 'The Basic' hotel can also offer small points of public interest through featuring local art in common areas and utilizing limited common spaces, such as the rooftop, for a public access café or cocktail bar.

Figure 4E: Points of Public Interest



Illustrative example of where 'The Basic' can incorporate small points of public interest, such as featuring local art in common areas on the ground florr and/or and utilizing the rooftop, for a public access café or bar.

5 Capilano University & Destination Vancouver - Conference Legacy Impact Study | Jan 2023

6 PNE Forum Annual Report 2023

Feasibility Assessment

Feasibility Conditions

'The Basic' is a low margin hotel that is a financially feasible form of development provided:

- **Land can be acquired at a competitive rate against alternative uses (around $150 per sq ft buildable)**
- Occupancy rates for midscale/economy options can be maintained around 78% and 82% annually with an average daily room rate (ADR) in the range of $190.
- **The hotel can be operated efficiently, with an operating margin of around 45%.**
- **Effective solutions can be found for loading on smaller sites, allowing these hotels to fit where based needed**

The primary challenges for this type of hotel development include:

Competing Land Uses

Developing hotels outside of downtown Vancouver is challenging due competing land uses that drive up the price of land. While hotels are permitted in most commercial areas outside of the downtown core, the amount of density available for the use does not allow it to compete with the viability of residential developments.

Operating Uncertainty

Due to the smaller number of hotels outside of the downtown core in Vancouver, there is uncertainty over the impact of creating additional supply. Achieving desired room rates, occupancy rates, and operating margins are critical to the viability of this type of hotel project. For instance, a fall in average ADR of $10 or fall in average annual occupancy of 3-4% could render this project unprofitable.[1] That said, the lower price point of this hotel has the potential to support higher occupancy rates.

Effective Sizing & Operations

Hotels with fewer than 80 rooms often encounter significant challenges in minimizing overhead costs due to the necessity of maintaining key managerial positions such as heads of finance, marketing, and accounting. These roles are essential for the smooth operation and strategic growth of the hotel, yet they come with substantial salary and benefit expenses that can strain the hotel's budget. Unlike larger hotels that can spread these costs over a greater number of rooms and revenue streams, smaller hotels have limited capacity to absorb these expenses, making it difficult to achieve economies of scale.

Loading Requirements

Hotels above 75 rooms generally require larger loading areas mandated by city policy, which can affect the overall footprint of the hotel site. This means that more land may be needed to accommodate these spaces, potentially increasing costs and limiting the available area for other amenities.

1 See Appendix 3.6 for example sensitivity analysis.

How do we de-risk this hotel?

There are several opportunities to de-risk this type of hotel develop and maximize its positive impact on the community.

Simplifying Conversions of Existing Buildings

Converting existing buildings into hotels can be a cost-effective strategy that reduces hard construction costs and construction timelines. Simplifying the conversion process through streamlined regulations and incentives can make it easier for developers to repurpose buildings.

Employing Alternative Construction Methods

Alternative building methods like mass timber and modular construction can significantly reduce construction hard costs. Timber based construction is generally less expensive than steel and concrete, and their lighter weight buildings require smaller foundations. Prefabrication in modular designs speeds up construction, reduces labor costs, and minimizes waste, leading to overall cost savings and quicker project completion.

Further Decreasing Room Sizes

Pod Hotels are one example of dramatically reducing room sizes to maximize the number of rooms available on a small site. Smaller rooms can appeal to budget-conscious travelers and urban explorers who prioritize location and affordability over spacious accommodations.

Outsourcing or Sharing Managerial Roles

Outsourcing high cost managerial roles such as marketing or accounting can help small hotels manage costs more effectively. By partnering with specialized firms or freelancers, hotels can access expert services without the burden of full-time salaries and benefits, thereby reducing overhead and allowing for more flexible financial management. Similarly, sharing these roles across multiple hotel properties, such as through a property management company like Pacific Reach, can ensure hotel operators can meet enough scale to support full-time administrative and management roles.

Pairing with Student Housing

Integrating student housing and hotel developments can ensure that rooms have consistent rent during the school season and are available to accommodate tourists and visitors during the busy spring and summer months when university students tend to depart. With the increasing demand for student accommodation at UBC, especially as international student enrollment grows, students will require consistent accommodation from September to May. Hotel guests can complement this through the summer June to August high season.

Provide Flexibility Around Loading

For smaller, less dense locations, street loading or the use of alleys may be a viable alternative. This can reduce the need for large on-site loading areas, freeing up space and lowering development costs.

Locating Near Community Event Venues & Establishing Partnerships

Locating near event venues such as the PNE or UBC where significant numbers of sporting and community events are held can help ensure a steady stream of customers. It can also help maximize the impact of 'The Basic' on serving regional visitors that are commuting to Vancouver for local concerts or sporting events, ensuring they have an affordable option to stay the night. Establishing partnerships with local sports organizations and venues can further help guarantee high occupancy rates.

Hotel Operator Opportunity

Hotel Developer Opportunity

Municipal Government Opportunity

Scenario 5

The Urban Resort

‘The Urban Resort’ is a luxury boutique hotel offering guests a ‘Very Vancouver’ experience.

This boutique hotel offers high levels of service, individualized attention, and unique and sophisticated design for a distinctive hotel experience. It is highly embedded in the unique landscape and culture of Vancouver. It features select boutique amenities on site, such as a spa and tapas bar, with other amenities delivered through partnerships with neighbourhood restaurants and attractions.

This type of hotel is designed for visitors that value unique experiences, design, and em-beddedness in the local culture and community. Visitors value the amazing views, “cool” amenities and the lavish fittings that ‘The Urban Resort’ has to offer.

Key features include:

Locations	
Primary	‘Very Vancouver’ (unique landscape)
Secondary	Historic District
Building Type	
Primary	Small Scale
Secondary	Iconic Architecture
Guests	
Primary	High spend leisure travellers
Secondary	Staycation visitors
Hotel Type	
Primary	Boutique
Secondary	Urban Escape

Examples include:

- Hotel Sommerro, Oslo
- Sylvia Hotel, Vancouver

Why this hotel type?

'The Urban Resort' responds to shifting consumer preferences, demand for immersive experiences, and a shifting provincial landscape.

Demand for boutique hotels is anticipated to grow at a compound annual growth rate (CAGR) of 5-7% between 2024 and 2030.[1, 2] This growth is driven by increasing consumer preference for unique and personalized travel experiences. Several consumer trends have contributed to growth in the boutique hotel space, including renewed interest in spending on experiences rather than things (particularly among millennials and Gen Zs), the rise of affluent tourists, and the desire for Instagram-worthy destinations.

A 2022 report from TripAdvisor found that boutique hotels outperformed other hotel sectors in 2020 during the height of the pandemic, including revenue per available room (RevPAR) and average daily rate (ADR). Once travel resumed, boutique hotels were some of the quickest to recover. Hospitality investment companies are now starting to capitalize on the trend to increased demand for boutique hotel experiences by launching luxury 'soft brands' to lure independent hoteliers into their portfolios.[3]

Boutique hotels can be under built due to their inability to achieve economies of scale. Unlike large chain hotels, which can spread fixed costs over many rooms and guests, boutique hotels operate on a smaller scale, often with fewer rooms and personalized services, which can increase operating costs and reduce profitability.

Over the last 15 years, sites like AirBnB and VRBO enabled additional access to unique unique spaces embedded in more residential neighbourhoods. As access to short term rentals decreases with short term rental regulations, new demand for boutique hotel experiences are likely to grow in kind, capturing consumers looking for immersive local experiences.

Immersive experiences can take many forms, including unique character spaces, embeddedness in picturesque landscapes, or featuring local art and design. An increased focus on environmental friendliness and connection to local artisans are other important factors for increasing boutique hotel market share. This enhances the attraction of boutique lodgings even more as they are in line with the beliefs of ecologically conscious visitors.

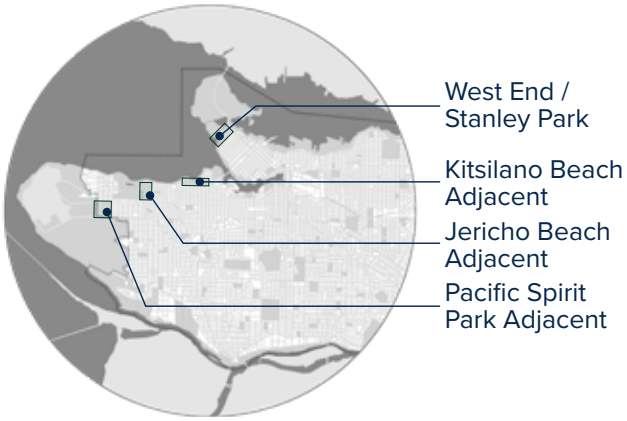
Specific gaps include:

- **Unique, immersive experiences** in trendy urban areas or picturesque natural landscapes
- **Luxury or boutique lodging outside the downtown core**
- **Exceptional service experiences**, including personalized recommendations for engaging with the local art, culinary, and entertainment offerings

Proximity to 'Very Vancouver' outdoor spaces, such as Pacific Spirit Park, Jericho Beach, Kitsilano Beach, or Stanley Park could be a good fit to meet these needs.

Location

Figure 5A: 'The Urban Resort' Neighbourhoods

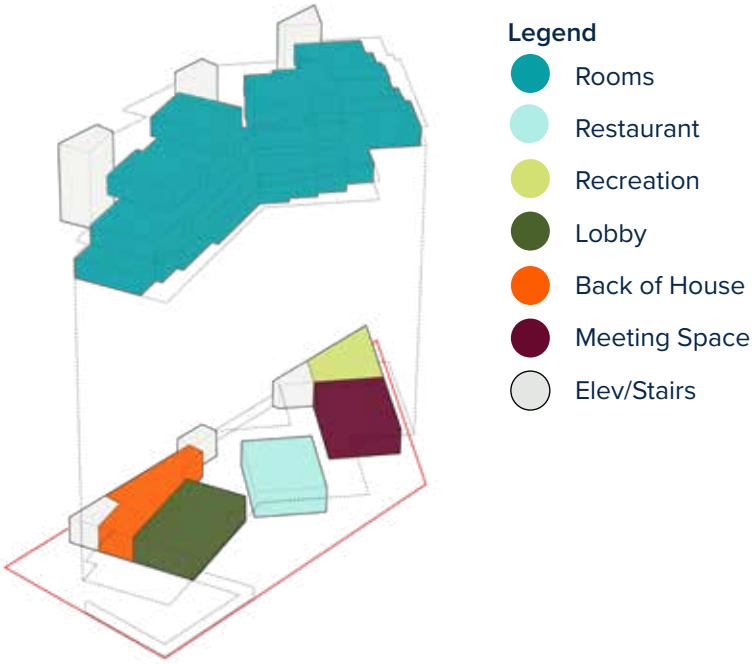


1 Grand View Research - Boutique Hotel Market Size, Share & Trends Analysis Report 2024-2030 | https://www.grandviewresearch.com/industry-analysis/boutique-hotel-market-report
2 Allied Market Research - Boutique Hotels Market Report 2024-2033 | https://www.alliedmarketresearch.com/boutique-hotels-market-A06593
3 Forbes - Lifestyle Boutiques Driving Leisure Hospitality Market | May 11, 2022

Example of ‘The Urban Resort’

Program

Figure 5B: Program Diagram



Key Stats	
Hotel Type	Boutique, high service
Number of Rooms	50 rooms
Average Daily Room Rate	$400 / night
Avg. Annual Occupancy	78%
Gross Above Grade Floor Area	36,000 SF
Estimated Building Height	5 floors
Room Size	425 SF
Estimated Site Size	25,000 SF

Components

Figure 5C: Conceptual Drawing

Economic & Community Impacts

Impact Overview

The 'Urban Resort' boutique hotel supports

- **Local employment and circulation of wealth** including in high-service hospitality positions and through promoting local shops, restaurants, bars, and services
- **Local entrepreneurship, craftsmanship, and artisans** through local procurement of fixtures, furnishings, and consumer products
- **Arts and culture sector development** through featuring local art throughout the hotel, providing a venue for local entertainment, and directing guests to local arts and culture attractions
- **Creative architecture and design** through generating opportunities to design truly unique lodging options

Per Hotel Impact		
Direct Jobs	**40 local jobs**	• 25% supervisor, mgmt • 20% travel & accom. • 45% cleaning roles
Direct Wages	**$2.7 million**	• Avg. annual wage of $58k • Total includes benefits
Indirect Jobs	**45-75 local jobs**	• 64% in food & beverage • 18% in retail, recreation, and transportation
Local Spend	**$3.9-6.4 million**	• 77% visitor spend • 23% in hotel supply chain
Municipal Tax	**$0.8 million**	• 48% property tax • 52% tourism taxes
Provincial Tax	**$0.5 million**	• 87% sales tax • 13% income tax
Federal Tax	**$0.5 million**	• 67% sales tax • 32% income tax

Total Impact @ 5% of 10,000 Rooms	
Direct Impacts	375 Local Jobs $27 Million in Annual Wages
Indirect Impacts	440-720 Local Jobs $39-64 Million in Local Spend
Annual Tax Contributions	$7.7 Million in Municipal Tax $5.3 Million in Provincial Tax $5.3 Million in Federal Tax

See **Appendix 1** for details on economic impact calculations.

Entrepreneurship & Artisan Support

A boutique hotel can significantly enhance its guest experience by partnering with local artisans, and entrepreneurs. Example partnerships include offering products using locally sourced ingredients and curated local tours that highlight Vancouver's unique landscape and culture. Opportunities further include engagement with indigenous arts and crafts, performances by local entertainers, and exclusive tickets to events, creating a rich tapestry of authentic west coast experiences. Additionally, packages with neighborhood restaurants provide a taste of Vancouver's culinary scene, further embedding guests in the local community. These thoughtful collaborations not only support local businesses but also enrich guests' stays with memorable and meaningful experiences.

The Banff Jasper Collection by Pursuit has collaborated with three local artisans to provide high-quality, environmentally friendly amenities in their hotels.

These include:

- Aleppo Savon, a Calgary-based company, founded by Syrian refugee Abdulfatah Sabouni, produces soaps using traditional Aleppo methods;
- Rocky Mountain Soap Co.: based in Canmore, which specializes in handmade, environmentally friendly hair and skincare products.

Arts & Culture Sector Development

Boutique hotels can play a pivotal role in supporting local artists by integrating their work into various aspects of the hotel experience. Local artwork can be featured in the hotel's design, such as in guest rooms, lobbies, and common areas, creating a unique and culturally rich ambiance that resonates with guests. Additionally, hotels can collaborate with artists for special events, exhibitions, and workshops, providing them with a platform to showcase their talents and engage with a broader audience.

Incorporating local art into the hotel's operations, such as using artist-designed menus, signage, and promotional materials, further enhances the hotel's identity while promoting the artists' work. This relationship both enriches the guest experience and fosters a vibrant local arts community, driving economic and cultural growth.

According to Skift Research on from the Luxury Traveler Survey, 82 percent of travelers said that engaging with local culture and community significantly contributes to the fulfillment of their travel experiences.[1]

Example: Skwachàys Lodge, Vancouver

Skwachàys Lodge, is an Indigenous boutique hotel in Vancouver that combines accommodation with an artist-in-residence program. Each room at Skwachàys Lodge is uniquely designed by Indigenous artists, providing them with a platform to showcase their work. The hotel also offers affordable studio space and housing for artists, supporting their professional development.

Architecture & Cultural Contribution

Boutique hotels are compact, sophisticated lodging options that provide distinctive experiences and contribute significantly to the architectural and cultural landscape of a city through retention of heritage buildings and the development of new character spaces. Inspired by local culture, the hotel offers guests an authentic experience that celebrates the city's rich history and beauty, making each stay unique and memorable.

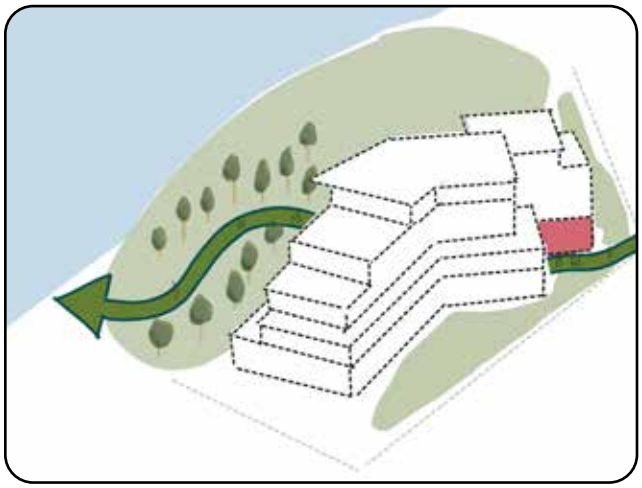
Example: Eilert Smith Hotel, Norway

The Eilert Smith Hotel in Stavanger, Norway, is a luxury boutique hotel housed in a converted building from 1937, showcasing Norwegian functionalist architecture. It offers stunning fjord views and features unique, individually designed rooms and suites. The hotel's design incorporates local materials and eco-conscious practices, creating a luxurious yet sustainable experience for guests.

Delivery of Public Amenities

The potential for unique forms - along with the likelihood of being situated in areas of the city with unique qualities - suggest an opportunity to incorporate gardens, mid-block pathways, and small-scale community 'attractors' (such as a cafe) in areas generally underserviced by local commercial uses. In this regard, the hotel not only fits snugly within lower-density contexts, but contributes to its surroundings in modest but complimentary ways.

Figure 5D: Illustrative Example of Integration with Local Landscape



1 Skift - Hotels Embrace the Shift Toward Cultural Experiences | November 15th, 2024

Feasibility Assessment

Feasibility Conditions

'The 'The Urban Resort' is a project that could be viable in today's market, provided:

- A suitable 'Very Vancouver' site can be secured
- Construction hard costs can be maintained at ot below $500 per square foot (excl FF&E)
- Partnerships with local businesses can be established for provision of amenities
- Average daily rates of around $400 and occupancy of about 78% can be maintained

See Appendix 2 for full Financial Analysis details.

Primary challenges for the 'Urban Resort' include:

Availability of Sites

The city's desirable sites, particularly those offering stunning views and proximity to key attractions, are often limited and highly competitive. Developers must compete with other high-value uses for these coveted sites. Scarcity can also drive up land costs.

High Operating Costs

Operating costs for luxury boutique hotels can be substantial. Luxury models require significant investment in staff, training, and amenities to maintain the level of service expected by high-paying guests. While partnerships can help deliver amenities off-site, the need to continuously innovate and provide unique experiences to stay competitive in the luxury market can lead to increased operational expenses.

Permitting Unknowns

Many sites that could accommodate a small, boutique hotel (including those in more residential districts or at the edge of interesting industrial districts) are not designated for hotel development. To facilitate boutique hotel development on sites outside the downtown, additional policy support from the City will likely be needed.

Untested Market

The "Urban Resort" luxury boutique hotel concept is relatively new in Vancouver. While there are many high-end hotels in the downtown area, these offerings are untested outside downtown. This makes it difficult to predict market reception, room rates, occupancy levels, and overall guest satisfaction, adding an additional layer of risk to the project's feasibility.

How do we de-risk this hotel?

There are several opportunities to de-risk this type of hotel develop and maximize its impact.

Establish a Unique Offering

Boutique hotels can create unique experiences through sustainable design practices, wellness-focused amenities, and integrating local art and culture into their design. This can help meet consumer demand for immersive experiences, allowing a boutique hotel to separate itself from the general luxury market.

Combine with a Residential Project

Combining a boutique hotel with other property uses in a mixed-use district can ease financing by can help boost the value of surrounding housing, creating vibrant locations that attract both locals and tourists. With the hotel providing a unique amenity on site, developers may be able to command premium rates for surrounding housing.

Prezone or Rezone Select Sites

Prezoning selected sites or establishing a rezoning policy in selected areas can streamline hotel development by reducing or eliminating lengthy rezoning processes, reducing costs, and providing greater certainty to developers looking to secure land.

Establish High Margin Amenities and Amenity Delivery Partnerships

Focusing on-site offerings on higher-margin amenities can significantly boost the hotel's profitability. Examples include offering spa treatments, wellness packages, room extras, or upgrades. These services not only enhance the guest experience but also provide substantial revenue opportunities.

Collaborating with local businesses to offer lower-margin amenities, such as food and beverage services can reduce operational costs of the hotel while enhancing the guest experience. This could take the form of partnering with nearby eateries to provide exclusive dining options or leasing a space on site to a restauranteur.

Hotel Operator Opportunity

Hotel Developer Opportunity

Municipal Government Opportunity

Conclusion

Hotel Community Impact Summary

The hotel scenarios outlined throughout this report reveal the wide range of roles hotels play in the community.

Hotels are economic enablers—generating wide-ranging economic opportunity for entrepreneurs, industries, and the regional workforce. Hotels act as social and cultural anchors—filling essential accommodation needs and generating unique access to local arts and culture for visitors. And hotels play a critical role in the development of complete communities in their activation of urban streetscapes and contributions to architectural interest and gathering spaces.

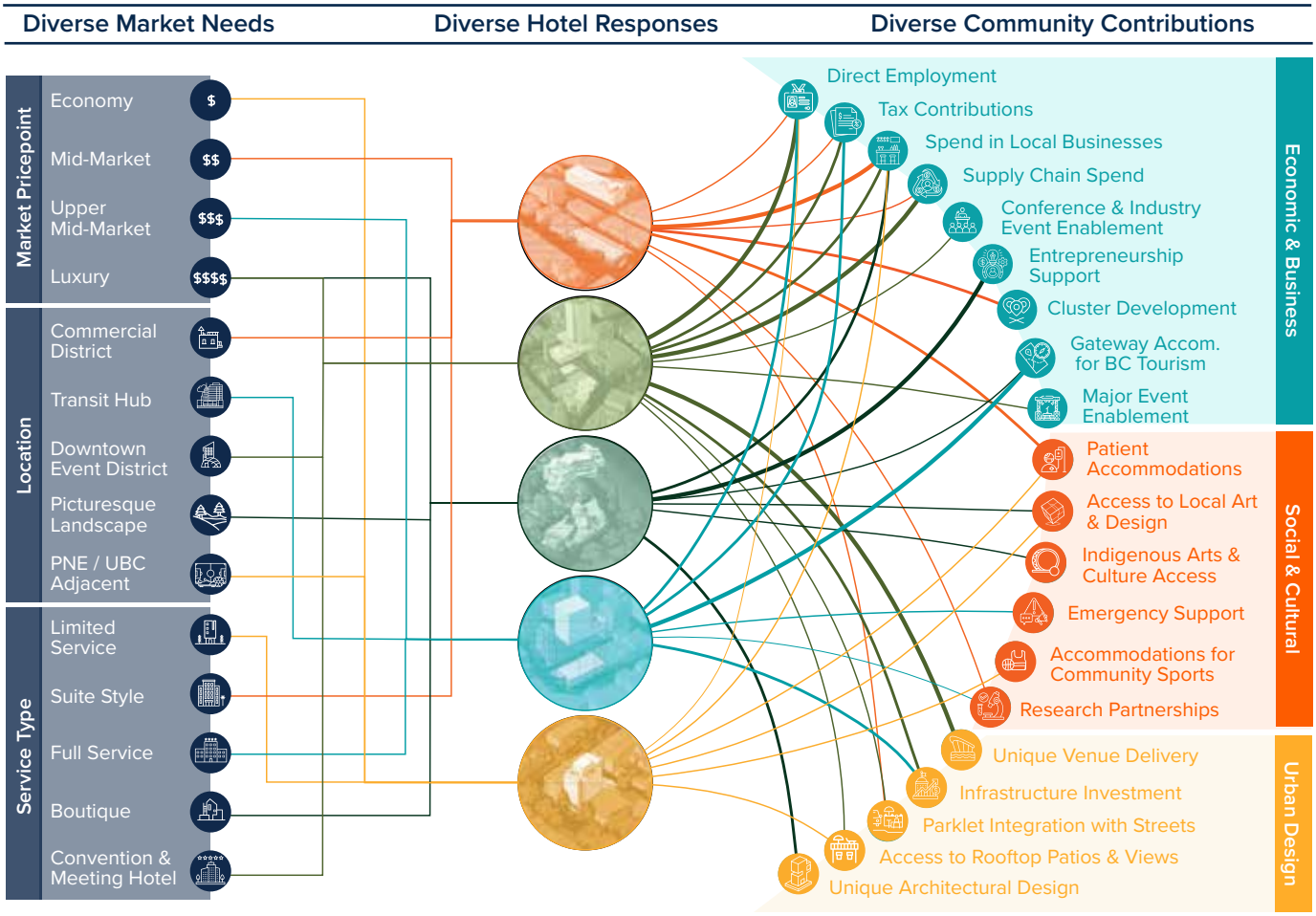
The graphic below demonstrates how each scenario studied evolved from a set of diverse market needs and contributes to a range of economic, social, cultural, and urban design benefits.

The hotel scenarios studied represent forms of development that can help meet hotel demand in Vancouver over the coming decades.

While each faces unique development challenges, there are regulatory, financial, and operating conditions under which each form of development is feasible. Hotel development will take a wider variety of forms than the scenarios studied and the market for hotel will continue to shift over the next two decades; however, it is anticipated that a similarly diverse mix of hotels will be needed to meet demand.

For the purpose of understanding the total local economic and community impacts of delivering 10,000 hotel rooms, assumptions have been made about how much each of these hotel scenarios might contribute to hotel supply.

Figure 6A: Hotel Scenario Development & Impact Overview



It is anticipated that 'The Event Space' luxury, event and convention hotel model in downtown can meet the need for:

- Large, unique event spaces for 400 - 1,000 guests
- Hotels that can accommodate significant sized corporate groups under one (or two) roofs

This hotel type could meet up to 15% of room demand.

Economic Impact if Delivering 15% of 10,000 Rooms	
Direct Impacts	1.500 Local Jobs $109 Million in Annual Wages
Indirect Impacts	1020 - 1830 Local Jobs $90-$165 Million in Local Spend
Annual Tax Contributions	$26 Million in Municipal Tax $16.6 Million in Provincial Tax $21.4 Million in Federal Tax

It is anticipated that 'The Big Brand' 3 or 4 star, full-service hotel in downtown and transit-oriented districts can meet the need for:

- Hotels with easy access to cruise terminals and convention centres, and
- Hotels with block booking capacity.

This hotel type could meet up to 45% of hotel demand.

Economic Impact if Delivering 45% of 10,000 Rooms	
Direct Impacts	2.700 Local Jobs $197 Million in Annual Wages
Indirect Impacts	1,890-3,510 Local Jobs $170-$322 Million in Local Spend
Annual Tax Contributions	$58 Million in Municipal Tax $36 Million in Provincial Tax $40 Million in Federal Tax

It is anticipated that 'The Familiar' limited service, extended stay hotel in commercial districts throughout Vancouver could meet the need for:

- Mid-market hotel options,
- Hotels options outside the downtown core, and
- Long-term stay designs (e.g. kitchenettes).

This hotel type could meet up to 25% of hotel demand.

Economic Impact if Delivering 25% of 10,000 Rooms	
Direct Impacts	625 Local Jobs $46 Million in Annual Wages
Indirect Impacts	950 - 1440 Local Jobs $84-$131 Million in Local Spend
Annual Tax Contributions	$25 Million in Municipal Tax $15.3 Million in Provincial Tax $11.8 Million in Federal Tax

It is anticipated that 'The Basic' budget-friendly, limited service hotel could meet the need for:

- Modern budget-friendly hotel options,
- Hotel spaces outside downtown with basic transit connectivity, and
- Accommodation that caters to young people.

This hotel type could meet up to 10% of hotel demand.

Economic Impact if Delivering 10% of 10,000 Rooms	
Direct Impacts	250 Local Jobs $18 Million in Annual Wages
Indirect Impacts	280 - 450 Local Jobs $25-$41 Million in Local Spend
Annual Tax Contributions	$8.2 Million in Municipal Tax $4.8 Million in Provincial Tax $3.9 Million in Federal Tax

It is anticipated that 'The Urban Resort' small, boutique, luxury hotel could help meet market demand for:

- Trendy, experience-centric hotels,
- Hotels embedded in Vancouver culture, and
- Hotels that celebrate the Vancouver landscape.

This hotel type could meet up to 5% of hotel demand.

Economic Impact if Delivering 5% of 10,000 Rooms	
Direct Impacts	375 Local Jobs $27 Million in Annual Wages
Indirect Impacts	440-720 Local Jobs $39-64 Million in Local Spend
Annual Tax Contributions	$7.7 Million in Municipal Tax $5.3 Million in Provincial Tax $5.3 Million in Federal Tax

Under this scenario, Vancouver could see the following local economic impacts from meeting the anticipated demand for 10,000 additional hotel rooms over the next 25 years.

- **5,450 Direct Local Jobs Created**
- **5,000-8,000 Indirect Local Jobs Generated**
- **$124.9 million in annual municipal taxes collected**
- **$77.9 million in annual provincial taxes collected**

Conclusion

Recommendations

The hotel scenario analysis also revealed several unique challenges and risks affiliated with various types of hotel development, including:

- Difficulty accessing suitable sites and permits
- Timelines to achieving desired permits, particularly when combined with other uses
- Lack of competitiveness with other land uses
- High development and financing costs
- High sensitivity of hotel performance to market forces

Realizing a new vision for hotel development in Vancouver will require a coordinated effort by regulators, developers, and hotel operators.

The recommendations outlined below are designed to help chart a path forward for delivering hotels that meet the diverse needs of visitors and locals. These recommendations also point to how hotel development can be de-risked, ensuring hotel development is both feasible and can be delivered quickly, capitalizing on the current market cycle. Additional recommendations point to ways to maximize positive community impact.

Hotel Developer Recommendations

1. **Design Unique Experiences** | Design unique hotel experiences through integrating local art, culture, and food into hotel offerings and designing hotels that are embedded in, and speak to, the neighbourhoods in which they are situated.

   Applies to all hotel types

2. **Reduce Room Sizes** | Design smaller, efficient rooms that meet the basic needs of guests to help manage construction costs and ensure they are recoverable in a reasonable timeframe.

   Applies to mid-market & budget-friendly hotels

3. **Use Low-Cost, High Efficiency Constuction Methods** | Utilize modular construction, wood frame construction, or mass timber to reduce material and labor costs during development, speed up construction, and minimize waste.

   Applies to all smaller scale hotel types

4. **Provide Access to Community Spaces** | Designing semi-public spaces within hotels, such as cafes, galleries, or event venues, can provide valuable amenities for local residents and encourage community engagement.

   Applies to all hotel types

5. **Defer Development Charges (DCLs, DCCs)** | Reduce the financial burden of carrying costs throughout the permitting, construction, and stabilization period by deferring the payment of DCLs and DCCs to near project completion.

   Applies to all hotel types

6. **Build Capacity of Hotel Developer-Operators** | Bring in experts with national or international expertise in development and operations of major hotel portfolios to advise on, or partner on, hotel planning, construction, and operations.

   Applies to all hotel types

Destination Developer Recommendations

1. **Invest in Local Business Infrastructure Near Tourist Hubs** | Consider partnering with the hotel development community to deliver local 'maker' commercial space near hotel and tourism hubs, such as near the cruise terminal.

Policy Maker Recommendations

1. **Collaborate on Creative Solutions to Enable Density** | Increase the viability of a wide range of hotel proposals by reviewing design and density restrictions on developments in downtown, commercial districts, and transit-oriented areas. Consider outright allowable added density for hotel and removing back of house functions from floorspace calculations to avoid triggering rezoning processes.

   Applies to all hotel types

2. **Prezone Hotel as an Approved Use** | Making hotel an outright approved with enough density for viable developments in key areas can continue to promote hotel development outside the downtown core.

   Applies to additional commercial and mixed-use areas

3. **Establish Supportive Policies for Pairing Hotel with Residential** | Additional options for mixed use developments can improve cash flow and reduce development costs. In addition, integrating hotels into mixed-use developments can increase property value and profitability of complementary uses.

   Applies to all hotel types

4. **Identify Opportunities to Simplify Conversions to Hotel** | Easier conversion of existing buildings to hotels can lower development costs and accelerate projects.

   Applies to all hotel types

5. **Consider Creative Solutions to Achieving Parking & Loading Needs** | Exploring above-grade loading, designated neighbourhood loading zones, or use of alleyways can help address hotel development constraints affiliated with significant site loading and parking requirements.

   Applies to all hotels over 75 rooms

6. **Enable Pairing of Hotel & Student Housing** | Consider zoning select sites to be suitable for use as student housing or hotel for maximum seasonal flexibility.

   Applies near post-secondary schools

Hotel Operator Recommendations

1. **Establish Strategic Partnerships** | Block booking partnerships can help stabilize occupancy rates within hotels. Amenity-delivery partnerships can help keep hotel operating costs low. And local supplier partnerships (including partnerships with local tour companies, cultural events, conservation initiatives, artisans, and restaurants) can enhance guest experience.

   Applies to all hotel types

2. **Minimize the Inclusion of High-Cost Amenities** | Focus on essential amenities and services only, avoiding high-cost extensive dining options or spacious spas to keep operational costs low.

   Applies to all mid-market and budget-friendly hotels

3. **Participate in Inclusive Hiring Programs** | Working with local employment agencies can help generate employment for those that have experienced barriers to employment and can help address labour shortage concerns.

   Applies to all hotel types

4. **Establish Local Procurement Practices** | By sourcing materials and services from local suppliers, hotels can boost the local economy and create job opportunities while reducing the risk of escalating costs affiliated with tariffs.

   Applies to all hotel types

5. **Leverage Technology** | Implementing technologies like contactless, automated check in can streamline the guest experience and improve operational efficiency.

   Applies to all hotel types

Appendix 1 - Economic Impact Model

1.1 Direct Employment Methodology & Assumptions

Direct Job roles were calculated using a ratio of staff to rooms as suggested by and reviewed with hotel operators. Staff to room ratios are typically seen in the range of 0.2-1.0, with lower ratios seen at limited service/extended stay hotels, and higher ratios at luxury, full service hotels. This was further verified against City of Vancouver business licence data, which included an approximate employee count for hotels in the city.

An average wage of $28 per hour was identified through go2HR data for accommodation workers in the Lower Mainland. An additional EI/Benefits factor of 25% is included within the total wage figures.

1.2 Hotel Supply Chain Methodology & Assumptions

Hotel supply chain impacts were calculated using indirect expenses by hotel departments initially taken from CBRE, and adapted through discussions with hotel operators.

A 'local spend proportion' multiplier was applied to identify the proportion of the hotel supply chain spend that was spent with local businesses. The 'local spend proportion' multiplier was considered for a low/high scenario, giving a range of potential spend and associated jobs. This accounts for differing levels of success in sourcing services and supplies from local businesses. Spend was then converted to job roles by using StatsCan multipliers for different sectors. These ranged from around 6.8 jobs per $million output for room department and administrative roles to 13.2 jobs per $million output for roles in food services.[1]

Table 1: Operational Spend Assumptions by Department

Hotel Departments	Direct (Labour) Costs	Indirect (Supply Chain) Costs	Local Spend Proportion
Rooms Department	12-17% of room revenue	10-15% of room revenue	20-70%
Food & Beverage Department	45-50% of F&B revenue	25%-30% of F&B revenue	25-80%
Meetings & Other Depts	30-35% of other revenue	18-23% of other revenue	20-60%
Other Undistributed Costs	6-8% of total revenue	10-15% of total revenue	10-35%

1 Statistics Canada - Input-output multipliers, provincial and territorial, detail level | https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610059501

1.3 Visitor Spend Methodology and Assumptions

Visitor Spend impacts were calculated using a daily spend figure per room night (provided by Destination Vancouver), scaled by room night rates to account for spending power across different visitor budgets.

These spends were then scaled by a 'local spend proportion' multiplier to identify the proportion of the visitor spend with local businesses. The 'local spend proportion' multiplier again considered for a low and high scenario, giving a range of potential spend and associated jobs. This reflects behaviour variance in how visitors may spend with local businesses, and differing access to them depending on hotel location Spend was again converted to job roles by using StatsCan multipliers for different sectors. Note that visitor spend on accommodation was excluded from this calculation as it was assumed to go directly to the hotel (supporting associated direct/indirect jobs).

1.4 Event Supply Chain Methodology & Assumptions

Event supply chain impacts were calculated from assuming 8-10 monthly event days, with average event sizes at 60% of meeting space capacity and F&B spending of $150-250 per person, as suggested by and reviewed with hotel operators. Note that venue hire spend and a proportion of F&B spend was assumed to be internal to the hotel and so is not included in the supply chain impacts.

Event supply chain spends were again scaled by a 'local spend proportion' multiplier to identify the proportion with local businesses for a low/high scenario, giving a range of potential spend and associated jobs. This accounts for differing levels of success in sourcing event services and supplies from local businesses Spend was then converted to job roles by using statscan multipliers for different sectors.

1.5 Tax Impacts Methodology & Assumptions

Tax impacts were calculated across sales, income and property taxes. Sales taxes included Goods Sales Tax, Provincial Sales Tax, Municipal & Regional District Tax and Destination Marketing Fees.

Federal income tax was assumed to be at a rate of 8.1%, and provincial at a rate of 3.3%. This was calculated as the average value for incomes between $40,000 and $50,000.

Property tax was calculated at a rate of approximately $10 per $1000 taxable value. Taxable value was assumed to be the stabilized value of property at a potential sale, as calculated in the financial analysis outlined in Appendix 2.

Appendix 2 - Financial Feasibility Model

2.1 Cost and Viability Summary

Overall financial analysis for each scenario was undertaken through developing an estimate of total development cost, and comparing this against the potential project value using a profit on cost approach. Generally, a project is considered viable if the profit-on-cost is above 15%. This was achieved only for 'The Familiar'. However, any project with profit-on-cost in the region of 10% is likely worth consideration, and may be made viable with some smaller changes to spatial design, operations, policy or financing. Total development costs were created for each scenario based on spatial programs and associated development cost assumptions.

Potential project value was determined by using the asset sale capitalization rate (cap rate) and stabilized operating income. This gives an estimate of the market value of a property. Note that this figure should only be taken as a rough estimate of project value, as the actual sale price will depend on market conditions at the point of sale. However, it is useful to create an initial understanding of project viability.

2.2 Operations Assumptions

ADR and occupancy figures were selected based on CoStar data provided by Destination Vancouver. NOI and additional revenue figures were similarly selected based on a review of CBRE operating data[1]. These figures were further adjusted through discussions with hotel operators.

Table 2: Operations Assumptions by Scenario

Hotel Departments	S1	S2	S3	S4	S5
Stabilized ADR	$400	$300	$247	$190	$400
Stabilized Occupancy	78%	78%	78%	78%	78%
Rooms Revenue as % Total Revenue	60%	70%	95%	95%	80%
Stabilized Annual NOI Margin	35%	30%	50%	45%	35%

2.3 Spatial Program Assumptions

Hotel spatial programs were designed with input of the Hotel Development Task force. Rooms sizes were based on similar properties in Vancouver and the surrounding area. Several additional sources were consulted to size non-room spaces.[2]

Table 3: Scenario Spatial Programs

Spatial Assumptions	S1	S2	S3	S4	S5
Rooms	450	330	150	75	50
Average Room SF	400	260	400	250	425
Efficiency of room block	85%	80%	80%	80%	80%
Total Room Block GSF	211,700	112,900	66,700	23,300	26,500
Function GSF	31,100	7,600	0	0	1,800
F&B GSF	9,300	4,600	0	0	1,100
Lobby GSF	12,500	6,100	2,300	1,100	1,500
Recreation GSF	12,500	4,600	1,600	900	1,500
Entry / Parking	12,500	6,100	2,300	1,100	1,500
Room Support GSF	21,800	10,700	4,700	2,000	2,500
Total Non-Room GSF	99,600	39,700	10,900	5,100	9,800
Total Above-Grade GSF	311,400	162,600	77,600	28,500	36,300

2.4 Development Cost Assumptions

Key financial assumptions were developed with input from industry experts. Specific assumptions include:

- Permits, DCCs & DCLs | DCLs and DCCs were assumed to be around $30/sq ft and $20/sq foot respectively.[3] An additional $10 was included for additional permitting costs.
- Financing Cost | Financing costs were calculated based on holding times of each project. The land loan was assumed at 8% annual interest on half of the total land cost, and the construction loan was assumed at 7% annual interest on 75% of Hard, Soft and FF&E costs at a loan factor of 0.4.
- Property Tax | Property tax for the pre construction period was assumed to be on the land value of the property, and over the construction period was assumed to an average of 50% of the end market value of the property.
- Land | The cost of land was assumed to be purchasable at a value of $175 per square foot buildable in the downtown core, and $150 per square food buildable outside downtown. Land cost was calculated using the gross built area for each of the properties, rather than the example site sizes and currently permitted square footage.

1 CBRE Trends in the Hotel Industry - Canadian Edition 2023
2 Planning and Programming a Hotel - Jan A. deRoos - Cornell University | https://ecommons.cornell.edu/server/api/core/bit-streams/061cfcba-af0b-45b9-be30-36d2c848a4f0/content
3 City of Vancouver- Development Cost Levies Bulletin | Jan 2025

Table 4: Cost Assumptions by Scenario

Cost Assumptions	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Land Cost / sq ft. buildable	$175	$175	$150	$150	$150
Hard Cost & Contingency / sq ft. built	$635	$635	$500	$500	$500
Soft Cost & Professional Fees as % Hard Costs	14.50%	14.50%	14.50%	14.50%	14.50%
FF&E & Contingency / Key	$100,000	$45,000	$45,000	$30,000	$80,000
Parking Hard Cost & Contingency / spot	$45,000	$45,000	$30,000	$30,000	$30,000
Pre-Construction Period	36 months	24 months	12 months	12 months	12 months
Construction Schedule	36 months	30 months	18 months	18 months	18 months

Table 5: Cost Breakdown by Scenario

Cost Breakdown	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Land Cost	$54,486,000	$26,705,000	$11,625,000	$4,271,000	$5,438,000
Hard Cost & Contingency	$197,707,000	$96,901,000	$38,750,000	$14,235,000	$18,125,000
Soft Cost and Professional Fees	$28,668,000	$14,051,000	$5,619,000	$2,064,000	$2,628,000
FF&E & Contingency	$45,000,000	$15,750,000	$6,750,000	$2,250,000	$4,000,000
Parking Hard Cost & Contingency	$4,050,000	$3,150,000	$900,000	$450,000	$300,000
Land Financing	$13,077,000	$4,807,000	$1,163,000	$427,000	$544,000
Construction Financing	$17,352,000	$6,817,000	$1,639,000	$598,000	$789,000
Construction Financing Fee	$130,000	$51,000	$12,000	$4,000	$6,000
Permits, Van DCLs & Metro Van DCCs	$18,525,000	$9,080,000	$4,611,000	$1,694,000	$2,157,000
PTT (Property Transfer Tax)	$1,362,000	$668,000	$291,000	$107,000	$136,000
Pre-Construction - Property Tax	$1,697,000	$554,000	$121,000	$44,000	$56,000
During Construction - Property Tax	$6,031,000	$2,577,000	$628,000	$209,000	$282,000
Total Project Cost	**$388,084,000**	**$181,111,000**	**$72,108,000**	**$26,354,000**	**$34,461,000**

Table 6: Financial Viability by Scenario

Viability Outputs	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Total Stabilized Annual Revenues	$85,469,000	$43,830,000	$11,111,000	$4,273,000	$7,122,000
Stabilized Annual Net Operating Income	$25,641,000	$13,149,000	$5,555,000	$1,923,000	$2,493,000
Assumed Asset Sale Capitalization Rate	*6.25%*	*6.25%*	*6.50%*	*6.75%*	*6.50%*
Assumed Marketing Costs	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Future Gross Capitalized Value	$410,249,000	$210,384,000	$85,469,000	$28,490,000	$38,351,000
Net Sale Proceeds (Minus Mkting Costs)	**$402,044,000**	**$206,176,000**	**$83,759,000**	**$27,920,000**	**$37,584,000**
Pre-Tax Profit on Cost % (excl. interim year cash flows)	**3.6%**	**13.8%**	**16.2%**	**5.9%**	**9.1%**

Appendix 3 - Financial Sensitivity Analysis

3.1 Scenario 1 - Land costs

An increase in land price from $150/sq ft buildable to $175/sq ft buildable (~15%) increases the total project cost from $72.1m to $74.3m, both directly though land cost and additionally though financing. This results in a fall of modelled profit-on-cost by 3.5% from 16.2% to 12.7%. Alone, this is unlikely to make the project unfeasible but will reduce it's appeal to developers and capacity to absorb other price increases.

Land Cost Sensitivity	Base	Alternate
Land Cost / SFB	$150	$175
Total Project Cost	$72.1m	$74.3m
Profit-on-Cost	**16.2%**	**12.7%**

3.2 Scenario 1 - Construction Costs

An increase in construction price from $500/sq ft buildable to $550/sq ft buildable (10% increase) increases the total project cost from $72.1m to $74.3m, both directly though land cost and additionally though financing. This results in a fall of modelled profit-on-cost by 7% from 16.2% to 9.2%. This alone may be enough to render the project unfeasible.

Construction Cost Sensitivity	Base	Alternate
Construction Costs / SFB	$500	$550
Total Project Cost	$72.1m	$76.7m
Profit-on-Cost	**16.2%**	**9.2%**

3.3 Scenario 2 - Escalating Labour

As wages account for approximately 50% of total expenses, a 10% increase in labour costs would be expected to take net operating expenses from 70%-73% of total revenue, reducing the net operating income of the project by 10% (from 30% to 27%) and reducing project profitability by the same amount. This change would push the project into becoming unprofitable, making any development infeasible.

Labour Cost Sensitivity	Base	Alternate
NOI	30%	27%
Potential Project Value	$402m	$362m
Profit-on-Cost	**3.6%**	**-6.6%**

3.4 Scenario 2 - Development Cost Charge Deferral

Sensitivity analysis on development charge deferral was based on a total of $15.6m in development charges, that could be deferred by 36 months (the assumed construction timeline). This could reduce the total construction loan amount required by $15.6m, which at a construction loan interest rate of 7% per year would avoid a cost of around around $3.3m, or around ~0.85% of project cost. This alone is therefore unlikely to make a major difference to project financial viability, and would need to be combined with other opportunities.

DCC Deferral Sensitivity	Base	Alternate
Construction Loan Financing Cost	$17.3m	$14.0m
Total Project Cost	$385m	$388m
Profit-on-Cost	**3.6%**	**4.5%**

3.5 Scenario 4 - Eliminating Back of House from Density Calculations

To understand the impact of removing back of house space from FSR calculations, it is assumed that this reduces the apparent cost of land per square foot buildable for hotels. This could be seen as a larger hotel built on the same land parcel at the same FSR, secured at the same market price vs competing uses (office, residential etc.), or the same size hotel built on a smaller land parcel at the same FSR, secured at a lower price. The second instance is shown here.

This change would increase profit on cost by around 3%, which is likely to make this already viable project more attractive to developers.

BoH Density Sensitivity	Base	Alternate
Land Cost / sq ft buildable	$175	$150
Land Cost Total	$26.7m	$22.9m
Profit-on-Cost	**13.8%**	**16.9%**

3.6 Scenario 5 - Fall in ADR and/or Occupancy

Scenario 5 becomes unprofitable (and infeasible) if ADR was to drop by $10, or occupancy by 4%. If combined, these drops only need to be $5 and 2% respectively, showing the hotel's extremely high sensitivity to achieved rates and fill.

ADR & Occupancy Sensitivity	Base	Alternate
ADR	$190	$180
Profit-on-Cost	**5.9%**	**0.4%**
Average Occupancy	78%	75%
Profit-on-Cost	**5.9%**	**0.5%**
Occupancy	78%	76%
ADR	$190	$185
Profit-on-Cost	**5.9%**	**0.5%**

Prepared by Cascadia Partners Strategy Consulting Ltd. on behalf of the Hotel Development Task Force.

CASCADIA PARTNERS

The Vancouver Hotel Development Task Force was formed by Destination Vancouver and the BC Hotel Association to identify and recommend strategies to enable a sustainable and appropriate supply of new hotel development in Vancouver.

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