

## **THE COALITION TO SAVE THE VIEW**

### **A HOTEL ATTACHED TO A NEW CONVENTION CENTRE?**

Proponents of a new WTCC in Halifax have been excited about the proposition for a new 500 room hotel attached to the centre. But, simple calculations suggest that the real prospects for this hotel, the Halifax hotel industry, and the city are poor.

A bit of background material from the Gardner Pinfold 2009 study: *(pg. 23 ff)*

- In 2009 there were approximately 6,200 hotel rooms in the city
- Average occupancy was 60% rising to 70-85% in August and September.
- During the slow season -- December through February -- the occupancy rate was 40-50%

A new 500 room hotel attached to the World Trade Centre would add 182,500 room nights annually to the Halifax hotel inventory. What percentage of these rooms would be absorbed by conventions at the adjoining convention centre and what will be the effect on existing hotels in the city? These numbers will also reflect the potential for the hotel to contribute financially to tax and spin-off benefits.

### **THE SCENARIOS**

#### **Scenario 1**

Because research into the convention industry indicates that it is a stagnant and/or declining industry this scenario assumes that the number of convention delegates will hover around the current number of approximately 10,000 national and international delegates per year<sup>1</sup>. Based on an average stay of 2 nights<sup>2</sup> (assuming all delegates stayed at the new hotel) delegates would absorb 20,000/182,500 room nights per year or about 11%.

#### **Scenario 2**

Based on the HLT estimates of 22,000 delegates<sup>3</sup> (approximately twice the current number of delegates in year 4) this would mean 44,000 room nights absorbed by national and international convention goers, or just under 25% of the new hotel's room nights

#### **Scenario 3**

Even the wildly optimistic estimates cited in the in-house Trade Centre Limited Staff Report (2010) of an average of 18,310 national, 9,145 international and 15,900 national corporate delegates a year<sup>4</sup>, or just over five times the current number of convention delegates, the total room night absorption would still be only 104,000 of the new rooms; leaving over 75,000 room nights to be absorbed by non-convention delegates.

### WHAT DOES THIS MEAN?

The effect on the existing hotel sector in Halifax will be enormous. Presumably the existing hotels will lose all or most of their present convention-generated business to the new convention centre hotel.

In addition to losing this business, based on the above scenarios of convention business generated by a new convention centre, there will be tens of thousands of empty room nights annually in the new hotel (162,000 under scenario 1, 138,500 under scenario 2, and 78,500 under scenario 3) which the developers/operators would presumably try to fill by luring guests from existing hotels in the city.

Introducing this huge number of room nights with no prospect of filling them with new business, and assuming that almost all convention delegates will stay in the centre hotel because of convenience, this will not only take current convention business away from existing hotels but put them in the position of having to compete with the new hotel for non-convention business.

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<sup>1</sup>*Gardner Pinfold (2009), page 10.*

<sup>2</sup> *Criterion Communications page 39, HLT Advisory pages 48-52.*

*nb Both these studies use a figure of 1.9 nights stay/delegate.*

<sup>3</sup> *HLT (2009), page 42.*

<sup>4</sup>*WTCC Staff Report (2010), pages 11-13.*

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