

Greater Victoria Hotel Development Working Group Process, Final Report, and Recommendations

DESTINATION GREATER
VICTORIA

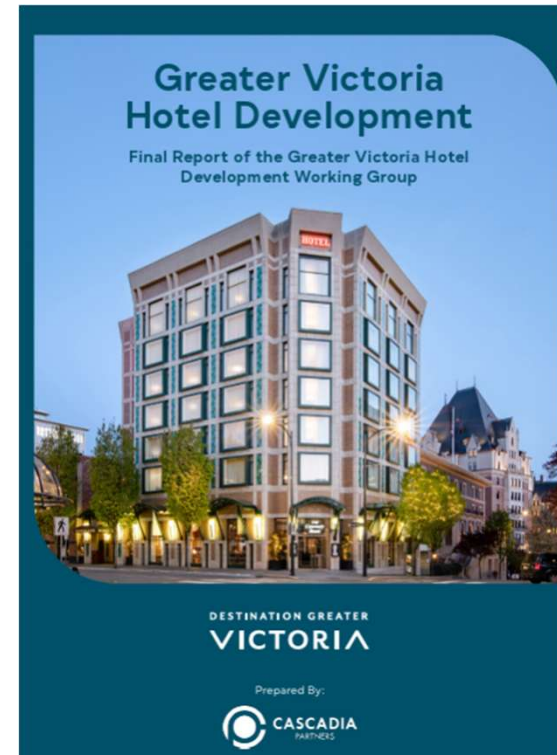
Township of Esquimalt and Destination Greater Victoria Partnership

- A long-standing, valued partnership.
- DGV markets the Greater Victoria region to the world, including the unique businesses, events, and stories of the Township of Esquimalt.
- Example: Rosemead House received travel media recognition, including from The New York Times.
- DGV invests in Esquimalt-based events. For example, recent significant investment in the BC Men's and Women's Curling Championships at Archie Browning.
- Greater Victoria Hotel Working Group is an example of DGV's regional destination development role. It was valuable to have Township of Esquimalt at the table.



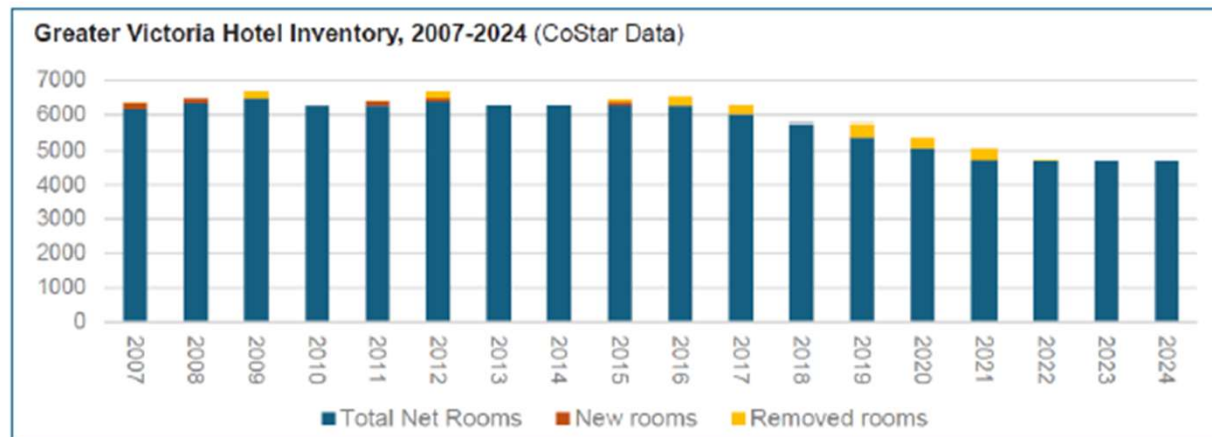
Overview: Hotel Development Working Group

- Destination Plan study showed a need for 2,000 new hotel rooms over the next 10 years in Greater Victoria
- The Greater Victoria Hotel Development Working Group was convened to capitalize on a rare window of opportunity for hotel development (demand + capital availability + other building typologies being less profitable)
- Working Group brought together local governments, Songhees Development Corporation, lenders, developers, and industry experts
- Final Report includes process and policy changes, and partnership opportunities aimed at meeting the proven demand for hotel inventory in the region.



Hotel Inventory and Supply Gap

Greater Victoria's hotel inventory has declined significantly over the past decade, **falling by 25% since 2016**. This is largely due to the removal or conversion of existing, older hotel stock that has not been replaced at the same pace by new hotel development.



As hotel demand has grown and supply has diminished, Destination Greater Victoria has identified a hotel supply gap of at **least 2,000 rooms over the next decade**.

Anticipated Types of Hotel Development

The Greater Victoria Hotel Development Working Group identified several types of hotels that are needed to meet visitor demand and fill the hotel supply gap.

Meeting the projected supply gap will require approximately 2,000 new hotel rooms, representing 15 to 20 new developments across Greater Victoria over the next decade.

				
	Limited Service Midscale Hotel	Full-Service Upscale Hotel	Boutique Luxury Hotel	Conference Upscale Hotel
Construction Type	wood frame	concrete tower	wood frame	concrete tower
Rooms	100	140	80	200
Room Size	375-450 SF	275-350 SF	400+ SF	275-350 SF
Floors	3-6	10-18	3-6	10-20
Floor Space Ratio	0.75-2	4+	<1	4+
Parking	At grade	Underground	At grade	Underground
Amenities	Limited	High	Very High	High

Anticipated Makeup of New Hotel Supply, Based on 2,000 Room Estimate

Hotel Type	Percent of New Rooms	Number of New Rooms	Number of New Hotels
Full-Service	45%	900	6-8
Limited Service	35%	700	6-8
Boutique	10%	200	2-3
Conference Hotel	10%	200	1
Total	100%	2,000	15-20

Conversion of existing office and heritage buildings are a key delivery method for full-service and boutique hotel types.

Financial Feasibility Factors

Six factors impact the financial feasibility of hotel projects:



Construction Costs

Hard costs, soft costs and FF&E make up the bulk of project costs.



Policy & Planning

Hotel size and design impacts competitiveness of hotel with other uses.



Fees & Taxes

Development fees can impact cashflow during hotel development.



Market Factors

Stable occupancy and room rates are essential for hotel viability.



Operational Factors

Achieving a sufficient net operating margin is critical to hotel profitability.



Development Model

Mixed use development models can be used to help de-risk hotel dev.

Financial Feasibility

Conceptual Hotel Feasibility Assessment: Assumptions and Outcomes

				
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Financial Feasibility	Moderate	Challenging	Varied	Challenging

Even in this unique window of opportunity, our conceptual pro-formas showed that hotel developments are challenging and require support in the form of policy and process changes to be attractive and viable.

Community and Economic Impact of Hotel Development

One aim of the Working Group was to measure and build awareness of the community and economic benefits of hotels

Community benefits already seen locally:

- Catalyze community investment and increase vibrancy.
- Deliver community spaces, such as plazas, rooftop patios, and lobby gathering points.
- Provide access to amenities for both guests and the general public.
- Act as muster points during community emergencies.
- Philanthropic leadership and community giving.

Community and Economic Impact of Hotel Development

Economic Impact Summary

Based on a projected 2,000 net new hotel rooms, new hotel development is expected to generate substantial ongoing economic benefits across Greater Victoria, including:

- 1,180 direct jobs in hotel operations
- 1,580 indirect jobs supported across the local economy
- Approximately \$85 million in annual wages
- More than \$100 million in annual visitor spending

In addition, hotel activity is projected to generate significant tax revenues annually, including:

- \$15.8 million in municipal taxes
- \$15.8 million in provincial taxes
- \$17.9 million in federal taxes

'Generational opportunity': Industry report eyes expansion of region's hotel properties

The ambitious goal to build up to 20 new hotels would address a decline in rooms and keep the region competitive globally, says chief executive of Destination Greater Victoria.



Darren Kloster
Apr 28, 2026 5:00 AM



1 / 3 - The first new hotel in Victoria in nearly two decades is under construction at Broad and Johnson streets on the historic Duck's Building property, pictured here on April 24. DARREN STONE, TIMES COLONIST

Recommendations

GOALS



Deliver 2,000 net new hotel rooms in the region



Help de-risk and streamline hotel development



Minimize regional loss of hotel rooms

RECOMMENDATIONS

- 1 Apply targeted zoning and land use policies to unlock hotel development sites.
- 2 Address permitting process complexities early to reduce permitting time.
- 3 Deliver hotel development education and technical support to municipal staff.
- 4 Pursue First Nations hotel partnership opportunities.
- 5 Support regional hotel investment attraction.
- 6 Establish supportive policy and financial tools for hotel conversion and revitalization.

RECOMMENDATION 1

Apply targeted zoning and land use policies to unlock hotel development sites.

Municipalities

Unlock hotel development sites by carefully considering where and how hotels can be accommodated, factoring in lessons learned about the operational and financial viability of hotel projects.

Recommended Actions:

1. Identify, expand, and prioritize suitable hotel development areas.
2. Enable targeted density flexibility for hotel development.
3. Increase flexibility in permitted mixed use areas to enable hotel integration.

RECOMMENDATION 2

Address permitting process complexities early to reduce permitting time.

Municipalities

Hotel development is highly sensitive to timing, cost certainty, and financing risk. Lengthy or unpredictable permitting processes can significantly impact project viability.

Streamlining approvals and improving clarity can accelerate delivery of new hotel supply.

Recommended Actions:

1. Clarify and communicate hotel-specific design expectations early.
2. Modernize parking requirements for hotel development.
3. Make permitting process improvements to reduce hotel design iterations.
4. Support context-sensitive design solutions for the street interface-

RECOMMENDATION 3

Deliver hotel development education and technical support to municipal staff.

Destination Greater
Victoria

Municipalities

Hotels differ from residential and commercial projects in their financing, operations, and risk profile.

Improving understanding across municipalities and stakeholders will support more informed decisions and better-aligned policies.

Recommended Actions:

1. Fund a regional education, training, and advisory resource.
2. Deliver formal and informal hotel planning and permitting support to municipalities.

RECOMMENDATION 4

Pursue First Nations hotel partnership opportunities.

Destination
Development Orgs

Municipalities

First Nations are key economic development partners in Greater Victoria, including as constitutionally recognized rights holders, landowners, and sophisticated economic actors with longstanding connections to and interests in their territories. Collaborative approaches can benefit project delivery and strengthen regional tourism.

Recommended Actions:

1. Update the Greater Victoria Hotel Development Prospectus
2. Establish a Structured Commercial Engagement Protocol
3. Support Industry Development
4. Strengthen Early-Stage Project Participation

RECOMMENDATION 5

Support regional hotel investment attraction.

Destination Greater
Victoria

BC Hotel
Association

Coordinated investment attraction efforts are needed to bring developers, operators, and capital into the market.

Recommended Actions:

1. Update the Destination Greater Victoria Hotel Development Prospectus.
2. Convene and connect hotel developers, operators, landowners, and municipal leaders.

Final Comments and Next Steps

- Esquimalt is well-positioned to benefit from future hotel development opportunities.
- Thank you to the Township of Esquimalt for the ongoing partnership, and we look forward to working together to implement recommendations and capitalize on this important opportunity.



Thank you



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