



Slow, steady growth is expected in business at Halifax hotels, such as the Delta, in 2012. Reports also say the sector will really take off the following year all over Atlantic Canada. (CHRISTIAN LAFORCE / Staff)

Halifax hotels can expect success

All of Atlantic Canada to see spurt

By **REMO ZACCAGNA**
Business Reporter

The hotel industry in Halifax and the greater Atlantic Canadian market will see slow but steady growth in 2012, but beyond that it will really start to shine.

That's the message that was conveyed to those who attended the 2012 **CB Richard Ellis Hotels** outlook session at the World Trade and Convention Centre in Halifax on Tuesday.

Overall, the industry in Halifax and the Maritimes has weathered the global economic storm relatively well, said Brian Flood, vice-president of **CBRE Hotels**.

"It's generally good. I think 2012 will probably see a little bit more muted growth, but I think 2013 and beyond it should tract with the economic outlook, so

likely growth in the two or three per cent range."

That is evidenced by an increase in the transaction volume across the Atlantic region over the third quarter of 2011. According to **CBRE Hotels**, there was more than \$20 million in transactions across the region in the third quarter, which translated to more than \$90,000 per room.

That is a sizable increase from the same period last year, which had less than \$5 million in transaction across the Maritimes.

Two of the largest transactions this year were in Halifax. Mississauga developer **Manga Hotels**, headed by David Toor, bought the **Radisson Suite Hotel** this past summer from **Holloway Lodging Real Estate Investment Trust** for \$12.324 million, an average of \$118,500 per room.

The same developer also purchased the **Holiday Inn Express Halifax-Bedford** for \$6.5 million in August, an average of \$66,300 per room.

Nora Duke, president and CEO of St. John's-based **Fortis Properties**, said she is in agreement with the future outlook.

The company, which owns 22 hotels across Canada, including the **Four Points Sheraton** on Hollis Street, sees the entire region as a stable source of growth.

"For example, if we look at Western Canada and the Alberta market, you tend to have the real highs, which are really great, but you can also have the lows. Atlantic Canada has a little less of that volatility," Duke said.

"I would say that we're feeling strongest about Newfoundland in terms of the projects and development that are on the horizon there. Nova Scotia is certainly very strong, so certainly in

those two markets I would say we're most confident and optimistic looking forward."

Danny Murphy, owner of Charlottetown-based **D.P. Murphy Hotels and Resorts**, said he is high on Nova Scotia and the Maritimes for future growth.

His company will open its seventh hotel — and the first in Nova Scotia — in Sydney in January and has also purchased land in Dartmouth for another project.

"It's not going to be too exciting for the next two or three years, I don't think; it's going to be OK," he said. "But I think we've got a very bright future coming at us in say five, six, seven years time.

"I really believe we're going to come out of it in a big way. I think people will really start to travel worldwide and Atlantic Canada will be a very popular destination."

The hotel industry in Halifax

and the Maritimes will begin to focus on average-daily-rate growth next year and beyond, Flood said.

"And that's a trend we're seeing across the country," he said. "So less discounting, less reliance on third party reservation systems and more focus on growing rate because rate is what drives profit."

There will be more activity on the transaction side in 2012, particularly as real estate investment trusts (REITs) and other public companies look to shed assets in the future.

And that, Murphy said, is where he anticipates much of his company's growth to come from.

"For private developers like ourselves it's going to be an opportunity to pick up some of these nice hotels that they want to get rid of from their books. So I think we're sitting pretty here."

Additionally, much of that activity promises to be in the suburbs, although Flood said the \$25-billion shipbuilding contract announced in October might change that.

(rzaccagna@herald.ca)