



Hyatt plans \$18-million room upgrade

Hotel wants to regain its four-diamond status

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HOSPITALITY | The Hyatt Regency Hotel is in the midst of an ambitious \$18-million renovation of its rooms in its efforts to win back its coveted four-diamond rating.

A year from now, all 644 hotel rooms will have been stripped down and completely renovated — with new bathrooms, beds, furniture, lighting, LCD flat-screen TVs and earth-tone colours that will replace muted 1980s-style beige. The 16-month renovation project comes just four years after the hotel spent \$18 million to upgrade its lobby and meetings facilities.

Despite that 2002 upgrade, the American Automobile Association downgraded the hotel's rating from four-diamond — which it had enjoyed since opening in 1973 — to three-diamond because the guest rooms were considered "dated." (Only two Vancouver hotels carry the AAA's top five-diamond rating — the Pan Pacific and Sutton Place hotels.)

"The AAA thought our service and public space amenities were great, but our guest rooms just didn't make the



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Hyatt general manager Rolf Osterwalder is upgrading rooms to win back business.

grade," Hyatt Regency general manager Rolf Osterwalder said in an interview. "This is a critical element for us because most Hyatt properties are four-diamond, so it's important that we get that fourth diamond back."

He said that by dropping to a three-diamond property, the Hyatt missed out on certain convention and tour business that would only consider four-diamond and five-diamond hotels.

1998, but the last major renovation took place 18 years ago.

Osterwalder expects other city hotels to upgrade over the next few years.

"There are some very, very upscale hotels concentrated in such a small area in downtown Vancouver," he said. "I think it's more concentrated here than any other city in North America, and you have to stay on top of things to be competitive."

Osterwalder said the annual occupancy rate at the Hyatt has climbed from about 60 per cent to 65 per cent in recent years, but with so many city hotels looking to improve their occupancy, room rates generally have remained flat.

He said business from U.S. associations is particularly important for the Hyatt, but noted the rising Canadian dollar has cost the hotel about \$2 million worth of that business in the past two years. Osterwalder said contracts made four or five years ago called for U.S. customers to pay \$220 Cdn a night, which worked out to about \$150 US at the time.

"But now it's more like \$190 US, so meeting planners call us and say their attendees can't afford to pay that. In some cases, we have no choice but to make adjustments to the contracts because you have to look at long-term relationships."

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"We also lost a fair amount of corporate business and we really want to get that back, especially companies in high tech, insurance, financial and pharmaceuticals," Osterwalder said.

The first phase of the room-renovation project, involving 284 rooms, will be completed in June, and phase two — the remaining 360 rooms — begins in December and ends next April. A minor room upgrade project took place at the Hyatt in