

# **SCHEDULE E**

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## **PEER REVIEW**

# Peer Review:

## **Market Study – Proposed Hotel Development Adjacent to the Heritage Place Mall, Owen Sound, Ontario**

February 10, 2025

Prepared for: City of Owen Sound

Prepared by: Tate Research

Sabine Robart, MCIP, RPP  
Manager of Planning & Heritage  
Community Services Department  
City of Owen Sound  
808 2nd Ave E  
Owen Sound ON N4K 2H4

February 10, 2025

Re: Peer Review of Market Study  
Proposed Hotel Development, City of Owen Sound

Dear Ms. Robart:

As you are aware, Tate Research (“TR”) was retained by the City of Owen Sound (“City”) to conduct a peer review of the Real Street Advisors (“RSA”) report titled *Market Study – Proposed Hotel Development Adjacent to the Heritage Place Mall, Owen Sound, Ontario* (“RSA Report”). The RSA Report is dated January 2025. The RSA Report was undertaken to address the requirements of the City of Owen Sound Official Plan (“City OP”) as they relate to the impact of the proposed development on the commercial structure of the City and County.

## 1 Background – The Application

The RSA Report includes a summary of the application. It states on Page 5:

*Heritage Mall Limited Partnership is seeking a Zoning By-Law amendment to add a limited-service hotel located at 1750, 16<sup>th</sup> Avenue East, Owen Sound Ontario...The new uses proposed will consist of a 120-room hotel, with an indoor pool, a gym and a small meeting space to be located on the site. The overall construction floor area is expected to be 6,912 square metres or 74,400 square feet developed with 6-storeys. The hotel development (phase 1) is also expected to have 152 parking lots and is expected to be constructed on approximately 2.65 acres of land. “*

## 2 RSA Approach

The RSA Report indicates the following work steps were undertaken:

- Site and Access Review

- Market Profile
- Tourism Context
- Inventory of Accommodation Facilities
- Market Research
- Market Demand Evaluation
- Impact Testing of the Official Plan.

TR concurs with the general approach undertaken by RSA. TR has focussed our peer review on the last section of the RSA Report, “Impact Testing of the Official Plan.”

### 3 Official Plan Tests

As noted in the RSA Report, there are specific requirements in the City OP that are to be addressed by a Market Impact Report. The RSA Report notes the tests from Section 3.5.2.5 of the City OP that are to be addressed. Such a study is to address the need for the proposed development and the impact of the proposed use on the commercial structure of the City and the County.

Specifically, Section 3.5.2.5 indicates that such a study shall confirm:

- *Designated commercial property, suitable for the intended scale and type of development is not available within the River District Commercial area.*
- *Available commercial property in the River District Commercial area is not economically viable for the intended scale and type of development.*
- *The proposed increase in commercial floor space will not be premature by increasing the amount of commercial floor space in the City beyond the 5-year market demand.*
- *The proposed development will not undermine the economic viability or planned function of a significant commercial component of the River District Commercial area or impair the function of a designated commercial district as identified in this Plan.*

## 4 RSA Report – Need

TR notes that there has been no development of larger scale hotels in Owen Sound in recent years. There are four larger hotels in Owen Sound<sup>1</sup>: Best Western Inn on the Bay, Comfort Inn, Quality Inn and Travelodge. The RSA Report indicates these hotels are the newest in the City and all were opened in the 1980s. As such, there has been no new hotel competition in Owen Sound in over 35 years.

TR notes there is an approved hotel development located in eastern Owen Sound, at 1200 16<sup>th</sup> Avenue East, less than 1 kilometre south of Heritage Place Mall. This site was approved for a 100 room hotel in 2019. Development of this hotel has not been initiated.

The RSA Report includes an analysis of supply, historic performance ratings (such as vacancy, revenue per available room, room rates, etc.). TR is satisfied that there is adequate demand to support the proposed hotel, based on the RSA analysis and existing market conditions in Owen Sound. We note that the development of the approved hotel at 1200 16<sup>th</sup> Avenue East could be expected to impact the occupancy of the proposed hotel at the Site, however, TR does not consider this potential impact to be a planning issue.

## 5 RSA Report – Impact

When reviewing the forecast market impacts of the proposed hotel, it is important to note there are no hotels / motels located within the River District Commercial area. The RSA Report includes a chapter dedicated to addressing the market impact tests of the City OP. With respect to the four requirements of Section 3.5.2.5, TR offers the following comments:

- There are no vacant land parcels located within the River District Commercial area that could accommodate the proposed hotel and its supporting amenities.
- As there are no available commercial properties in the River District Commercial area, there is no issue with respect to the economic viability of these properties for the proposed hotel development.

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<sup>1</sup>) The RSA Report indicates Best Western Inn on the Bay has 100 rooms, Comfort Inn has 60 rooms, Quality Inn has 79 rooms and Travelodge has 65 rooms. The other existing hotel / motel competition has less than 30 rooms per hotel / motel.

- The proposed hotel does not have a material impact on the amount of commercial floor space in the City, as it relates to the retail commercial floor space.
- The proposed development can be expected to have limited impacts on the planned function of the River District Commercial area, or any other commercial area in the City.

## 6 Conclusion

In the context of the scale and type of the hotel development proposed, TR concurs with the statement expressed on Page 044 of the RSA Report that the proposed "...development will not negatively impact the economic viability or planned function of the significant commercial components within River District Commercial Area or the designated commercial district identified in the official plan." In TR's professional opinion, the proposed hotel development meets the tests outlined in Section 3.5.3.5 of the City OP.

Thank you for the opportunity to undertake this peer review on behalf of the City of Owen Sound. We look forward to discussing these results with you.

Yours truly,  
TATE RESEARCH

A handwritten signature in black ink, appearing to read "James P. Tate".

James P. Tate  
President