

HAMPTON VA

NEWS RELEASE

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Hampton negotiates deal for new Hyatt Place hotel

Sept. 9, 2016 – A 109-room, \$11.2 million Hyatt Place hotel is planned for the land that formerly housed the Motel 6, part of a strategy to increase tourism by boosting the city’s conference and convention quality hotel room count. The hotel will be the first Hyatt Place (Hyatt flagged) hotel on the Peninsula.

The city has been working with the president of the Landmark Hotel Group, which renovated and operates the nearby award-winning Holiday Inn Express, to develop the new Hyatt Place.

“One of Council’s strategic goals is to bring new, high quality hotels to the City,” Mayor Donnie Tuck said. “My peers and I are thrilled to have obtained a great hotel flag that will be developed by a nationally recognized hotelier who continues to invest in Hampton.”

Eleanor Brown, chair of the city’s Economic Development Authority, said, “This is a great opportunity for the city to work with a successful hotelier, who has already made and plans to make additional investments in Hampton, to develop much needed hotel rooms in the city. This project will help create overall economic vibrancy and generate additional direct and indirect revenue from convention travelers and tourists.”

Hampton’s Economic Development Authority has approved incentives to the developer, with provisions to ensure the company meets timeline, investment and quality goals. The EDA agreed to:

- Effectively provide the land for \$1 by discounting the \$1.3 million purchase price
- Provide a \$2.4 million performance grant at opening
- Provide a maximum annual grant of \$59,330.00 for 10 years, effectively rebating a portion of the hotel’s taxes
- Assist the developer in obtaining additional financing under the state’s Tourism Development Financing Program

It’s good news for the city’s efforts to grow tourism, says Conventions and Visitors Bureau Director Mary Fugere. “This new hotel development will create additional desirable accommodations to host more visitors in Hampton. It responds to feedback we have received from meeting and convention planning professionals.”

Fugere’s department markets and books the Hampton Roads Convention Center. The \$78 million public investment fills an average of more than 27,000 hotel rooms per year.

“We can grow the economic impact from the Boo Williams Sportsplex for Hampton with these new hotel rooms,” said Boo Williams. The Boo Williams Sportsplex, which fills an average of 18,877 rooms a year, says about 40% of athletes and families participating in events stay in hotels outside of the city.

One Hyatt Place hotel isn’t enough to fill the city’s convention business needs, but it’s a good start, said Economic Development Director Leonard Sledge. An outside study showed an immediate need for 300 new hotel rooms near the convention center.

“As we add more quality select-service and full-service hotels, we improve our market statistics and increase our opportunities to attract additional hotel and tourism related investment,” said Sledge. “There has been tremendous development and redevelopment activity in the Coliseum Central area over the past decade, beginning with the Power Plant, then Peninsula Town Center and now Riverpointe. We need to see that kind of investment and revitalization along the southern end of Coliseum Drive.”

In 2015, visitors spent \$210.7 million in Hampton. They paid \$9.1 million in hotel and meals taxes. That is an important component of the city’s annual operating revenue, and they use relatively few city services.

City Council adopted a strategic goal to increase economic growth and put an emphasis on boosting the number of convention-quality hotels. Council provided the funds to acquire and demolish the Motel 6 – on the key corner of Pine Chapel Road and Coliseum Drive across from the Hampton Coliseum and the convention center. That’s not unusual. Many cities offer incentives to attract developers. Williamsburg has been buying up older properties, and Newport News, Norfolk and Virginia Beach have offered incentives to attract hotel developers.

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