

Cambie Hostel to get \$2.4m upgrade: Plan to add bunks to cash in on fast-growing market

The Vancouver Sun
Tue 01 Nov 2005

Owners of the Cambie Hostel in Gastown plan to raise \$2.4 million to renovate the historic turn-of-the-century Victorian property so it will complement the massive redevelopment planned on the adjacent Woodward's property.

Cambie Malone's Group partner Paul Jacobs said the company has hired the same architect used in the proposed \$280-million Woodward's redevelopment -- Gregory Henriquez -- to ensure continuity along the block.

"Woodward's is a massive development but if we don't spruce up our little block, the area will still look like an eyesore," he said.

CMG hopes to gain city approval by next spring to restore heritage facades, upgrade rooms, build a new lobby, expand pub seating and improve its liquor retail facilities.

Jacobs noted the Woodward's project and the proposed Whitecaps Waterfront Stadium in Gastown will bring more people to the area and create more business for local merchants.

"These changes will help [the hostel] become a more multi-purpose facility that will make Gastown a more tourist-friendly area," Jacobs said. "It will be used by residents, tourists and people who live down there as the area gentrifies."

Jacobs said the Gastown hostel, at the southeast corner of Cambie and Cordova streets, is the largest purveyor of Labatts draft beer in B.C., selling more than a million pints a year.

The property currently has 42 rooms with 128 bunks but CMG wants to expand the number of bunks to about 300 to accommodate the strong demand for more facilities.

"We're 100-per-cent full in the summer and it's getting a lot busier during the shoulder season because there are so many ESL students in that area now," Jacobs said.

CMG says its focus on the youth travel market makes sound business sense because it's a \$90-billion-a-year industry that's growing by more than 10 per cent a year, accounting for about 22 per cent of world tourism.

Besides the Gastown property, CMG also owns pub/hostel operations in Esquimalt, Nanaimo and at Seymour and Pender in Vancouver (Malone's Sports Bar & Grill). It is currently attempting to raise about \$4.5 million to finance upgrades at its various facilities.

Jacobs said a public offering for investors began in earnest last month and so far, about 16 per cent of the total has been raised.

The offering memorandum says investments in the venture will provide an annual return of 12 per cent but notes investments in syndicated mortgages are speculative and "involve a high degree of risk."

bconstantineau@png.canwest.com



Mark Van Manen, Vancouver Sun

Paul Jacobs (left) and Sam Yehia are about to redevelop the Cambie Hostel in Gastown where they are well known for one of the cheapest pints of beer in town. They say they are selling more than one million pints a year.