

Vancouver's Hotel Room "Crisis": A Developer Giveaway, Not an Affordability Solution

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INTRODUCTION

Vancouver is facing a severe housing affordability crisis, yet City Hall has launched an aggressive effort to ensure tourists can always find a room. The hospitality industry, tourism organizations and real estate developers have advanced a narrative that Vancouver faces a severe shortage of hotel rooms, invoking a "crisis" requiring urgent policy intervention. This narrative has become the basis for major changes approved by City Council adopting new incentives, reduced developer community contributions, streamlined approvals, and other measures to encourage hotel construction. These policies are based on claims that without these measures, the city threatens tourism and economic growth.

However, the evidence does not support the narrative. Industry forecasts of future hotel demand rely heavily on overly optimistic assumptions, while recent World Cup hotel booking data has raised questions about whether Vancouver lacks the hotel capacity proponents claim. Despite repeated warnings of a looming shortage, there has been little objective analysis demonstrating that hotel projects require special incentives or regulatory concessions.

What is clear is that Vancouver faces a severe shortage of affordable housing. Hotel approvals are now outpacing approvals of cooperative and other non-market housing. At a time when residents are struggling with rising rents, housing insecurity, and displacement, City Hall is devoting growing attention and resources to increasing visitor accommodation.

The issue is not whether Vancouver should build more hotels. It is whether hotels should receive preferential treatment while the city's housing crisis remains unresolved. Every policy choice reflects a set of priorities. Vancouver's recent decisions suggest that attracting more visitors has become a higher priority than housing the people who live and work here.

The contradiction is particularly striking in the hospitality sector itself. The workers who welcome visitors, clean rooms, prepare meals, and keep hotels operating are increasingly unable to afford housing in the city. As housing costs push working people farther from their

jobs, Vancouver risks becoming a city that subsidizes places for tourists to stay while failing to provide homes for the workers who make tourism possible.

The city's lack of affordable housing is a crisis, while a shortage of hotel rooms is not. Yet City Hall has devoted significant public resources to addressing the latter while making far less progress on the former.

Is City Hall Losing the Plot?

There is a growing disconnect between City Hall's priorities and the concerns of Vancouver residents, according to a recent poll conducted by Stratcom. Vancouver residents overwhelmingly rank affordability among their top concerns. Cost of living, affordability and inflation ranked first (32.2%), followed by affordable housing and rent (11.9%), poverty and homelessness (9.6%), and crime, security and safety (7.8%).¹

When asked whether affordability should be prioritized over new hotels, the results were decisive. By a 3:1 margin, respondents said affordable housing for Vancouver residents is most important and new hotels can wait.²

Respondents were also asked whether Vancouver City Hall is heading in the right direction or on the wrong track. By a margin of nearly two to one, residents said City Hall is on the wrong track (53.6%) rather than heading in the right direction.³

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The results raise important questions about City Hall's aggressive focus on hotel development and why it has become such a high priority while affordability remains the defining challenge facing Vancouver residents.

Hotel Approvals Outpacing Affordable Housing

With the municipal election looming this fall, rezoning approvals have accelerated dramatically, and hotel developments have emerged as a clear beneficiary. Responding to the industry narrative about a hotel room shortage crisis, City Council approved a new hotel development policy last year with a target to add 10,000 new hotel rooms by 2050. As of June 2026, nearly 7,000 rooms are in the development pipeline, with more than half of the projects approved and more hotel development applications forthcoming. Despite the influx of

applications, City Council continues to fast-track hotel projects and provide special incentives to hotel developers. At the current pace, Vancouver could approach its 2050 target by 2026.

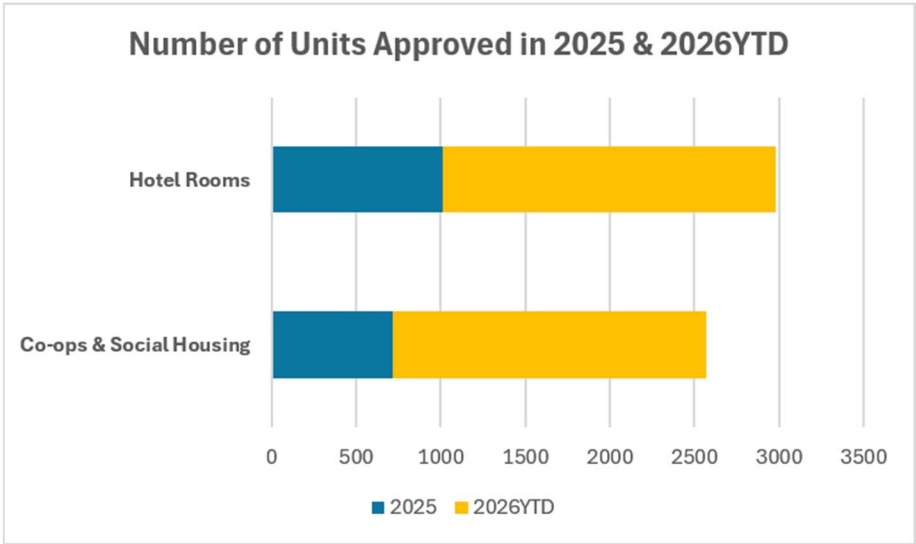
One troubling aspect of current policy is the apparent imbalance between the city's treatment of hotel development and affordable housing. Council's actions increasingly suggest that new hotel projects are receiving a higher priority than the delivery of truly affordable homes for Vancouver residents.

City Hall is rapidly approving market-rental projects and betting on the market to deliver affordability. While recent news reports have celebrated modest declines in asking rents, Vancouver remains Canada's most expensive rental market with rents averaging over \$2,700 per month.⁴ Even with an average rent of \$2,490 per month for a small one-bedroom apartment,⁵ a household would need to earn almost \$100,000 annually for that unit to be considered affordable at 30% of income. That is simply not feasible for many modest- and lower-income households.

What is needed are units of cooperative and other non-market housing that ensure people with modest incomes can live and work in Vancouver. Yet, Council has approved more hotel rooms than affordable housing units. In 2025, approvals were granted for projects with 1,011 hotel rooms compared with only 719 units of social, supportive and cooperative housing.⁶

The trend continues into 2026. Between January and June 2026, Council approved projects with 1,972 hotel rooms, outpacing the 1,848 units of co-op and social housing units approved so far this year.⁷ Combining data over the 2025-2026YTD periods, Council has approved 16.2% more hotel rooms than affordable housing units (Figure 1).

Figure 1.



The contrast is striking. While hotel approvals are advancing ahead of schedule, progress toward affordable housing targets is lagging. By June 2026, nearly 40% of the city’s 10,000-room hotel target had received approvals, with thousands more rooms in the pipeline. By comparison, the most recent reporting showed that 12% of the city’s 10,000-unit target for social, supportive and co-op housing had been achieved by the end of 2025.⁸

At a time when housing costs and affordability dominate public concerns, residents should question why hotel development appears to be receiving greater priority than affordable housing.

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Before approving thousands more additional hotel rooms or granting hotel-specific incentives, policymakers should ask how many rooms are really needed, over what timeframe, and how would the market perform if all currently approved hotel projects proceed? City Hall has not provided any public analysis demonstrating that the market can absorb this volume of new hotel construction or explained why hotel development should take precedence over affordable housing.

Existing Affordable Housing Is Being Threatened

Hotel development proposals are also putting existing affordable rental housing at risk. City planning staff are recommending approval of a 191-room hotel at 75 East 8th Avenue that, if approved, would displace dozens of households to make way for an extended-stay hotel reportedly aimed at relocating high-tech and biotech workers. A separate hotel proposal at 148 East 6th Avenue could also displace tenants in an existing apartment building.

While City Hall identifies housing affordability as one of Vancouver's most pressing challenges, it is simultaneously facilitating the loss of affordable rental homes in favour of hotel development. City policy prohibits hotel development on sites containing purpose-built rental housing – except there is a major loophole that exempts areas covered by recently adopted community plans, Transit-Oriented Areas, and other designated locations. What appears to be a built-in tenant-protection policy is illusory in practice. Rather than excuse loopholes, Council should prohibit hotel projects that will lead to the displacement of existing renters.

Hotel Crisis Narrative Relies on Speculative Forecasts

The foundation of Vancouver's hotel rooms “crisis” narrative is a 2022 Destination Vancouver report projecting the need for 10,000 additional hotel rooms by 2050.⁹ The report forecasts

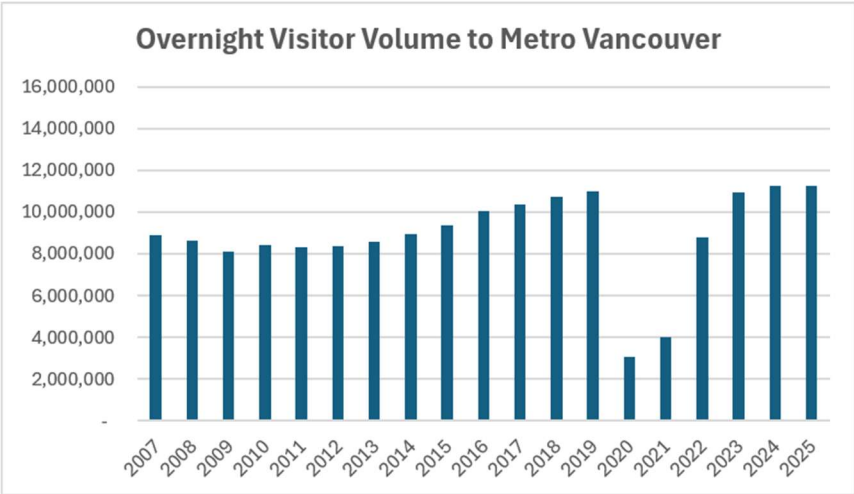
hotel demand to more than double over the next two and half decades. It also warns of billions in foregone visitor spending if hotel supply does not expand. However, their projections rely heavily on optimistic assumptions about future demand rather than demonstrated evidence of a severe shortage. They assume steady upward growth in overnight visitation, continued high occupancy rates, and limited additions to hotel supply through 2050.

History suggests greater caution. Monthly overnight visitation over the past 25 years has grown at a much slower pace than future industry projections would suggest. In 2000, there were 8.4 million monthly overnight visitors to Metro Vancouver; volume did not surpass 9 million until 2015.¹⁰ This is largely due to the fact that the hotel industry is highly cyclical and sensitive to economic downturns, geopolitical events, and other disruptions.

Over the past 25 years, hotel demand has been repeatedly disrupted by events such as the September 11 terrorist attacks, the 2003 SARS outbreak, and the 2007-09 Great Recession. Each event precipitated a drop in travel. The recession that began in 2007 triggered a prolonged drop in overnight visitation that took nearly seven years to recover (Figure 2). Even the 2010 Winter Olympics boosted revenues more than occupancy as visitation to Metro Vancouver declined in the aftermath, as did hotel room revenues, despite the addition of nearly 1,300 new hotel rooms to downtown inventory around that time.¹¹

More recently, the COVID-19 pandemic triggered an economic shock that plunged visitation to Metro Vancouver by 72 percent in 2020.¹² The recovery in annual visitors took nearly four years to return to pre-pandemic levels. These risks are absent from forecasts underlying the hotel shortage narrative that assume an upward growth trajectory well into the future, even though disruptions that dampen demand for long periods have repeatedly occurred throughout the modern history of the tourism sector.

Figure 2.



Source: Destination Vancouver

World Cup Demand Has Fallen Far Short of Expectations

One of the most frequently cited justifications for accelerating hotel development has been the 2026 FIFA World Cup. Developers, tourism organizations, and industry advocates have repeatedly warned that Vancouver lacked sufficient hotel capacity to host the event and argued that thousands of additional rooms were urgently needed.

Stanley Dee, founder of Deecorp and owner of three major hotel development sites, told one news outlet that Vancouver was heading toward a “gong show” during FIFA World Cup and warned that the city was not ready to host the games because there were not enough hotel rooms for visitors to book.¹³ At the time, Deecorp’s 464-room downtown hotel proposal was awaiting rezoning approval from City Council; the city approved it weeks later.

Booking data has told a different story. In the weeks leading up to the tournament, Destination Vancouver reported hotel bookings were down 20% for June.¹⁴ CBC reporting, based on CoStar data, found occupancy on Vancouver’s first World Cup match day was more than 14 percent below the level recorded on the same date the previous year, while average occupancy across Vancouver’s seven World Cup match days, 57.4%, remained well below expectations.¹⁵

These figures do not add up to claims that Vancouver lacks sufficient hotel capacity to host major events. As Concordia University sports economist Moshe Lander told the CBC, “No new hotels were built in Vancouver for the World Cup, nor should they have been.”¹⁶

The World Cup demonstrates the downside of making long-term policy decisions based on event-driven hype and overly optimistic projections. If one of the largest sporting events in the world cannot fill existing hotel rooms, City Hall should carefully reassess assumptions regarding future hotel demand.

While high room rates and strong occupancy are frequently cited as evidence that Vancouver suffers from a severe hotel room shortage, neither metric demonstrates that the market is failing or that public intervention is warranted. Taylor Swift’s three sold-out Vancouver concerts in December 2024 illustrate the point. While room rates certainly surged, downtown hotel occupancy ranged between 74 to 85% over the concert weekend.¹⁷ By comparison, occupancy across the Vancouver area averaged just 42% the weekend prior, which is more typical for December.¹⁸

More importantly, high room rates are common in tourism markets with vastly different hotel inventories. In 2025, Downtown Toronto, with over 23,000 hotel rooms, nearly double Downtown Vancouver’s inventory, recorded the highest average daily room rate in Canada at \$350.29 despite lower occupancy.¹⁹ New York City maintained occupancy above 84% and an average daily rate of US\$333.71 with nearly five times as many hotel rooms as Greater Vancouver.²⁰ O’ahu and Greater Vancouver exhibit strikingly similar hotel performance.

Despite O’ahu having nearly 30,000 hotel rooms compared with Greater Vancouver’s 25,937, both destinations achieved comparable occupancy rates and average daily room rates last year.²¹ Room rates are influenced by many factors beyond room supply. High room rates alone do not justify the prioritization of hotel development over other pressing civic needs.

Hotel Development is "De-Risked" at Public Expense

A central assumption of the city’s approach is that hotel development requires special assistance. The current wave of hotel development marks a sharp reversal from the period after the Great Recession, when investors and lenders shifted their attention away from hotels to residential projects. Hotel development remained limited as residential uses offered stronger returns and increasingly outcompeted hotels for land and investment capital. Still, new hotels with over 2,000 rooms were built in Vancouver during this time.

Emerging from the pandemic, Vancouver's hotel market has experienced an exceptionally strong recovery since 2023. Hotel room rates have continued to reach year-over-year record highs, revenue per available room has surpassed pre-pandemic levels, and investor interest in hotels has increased significantly. Developers have noticed. They pivoted to hotels as the strata condo market became saturated and the commercial office sector weakened. By early 2024, one year before the city adopted its new hotel development policy, 23 hotel projects were already in the development pipeline.²²

Vancouver's hotel sector is hardly a struggling industry in need of government support. Yet, as Council considered adoption of a new hotel development policy, Destination Vancouver released the 2025 Hotel Community Impact Assessment conducted by a task force dominated by industry stakeholders and developers. Its explicit goal was to promote supportive hotel policies and help "de-risk" investments for developers.²³

Since then, City Council has approved measures that reduce risk for hotel developers and increase profitability, including:

- **Reduced community amenity contributions (CACs):** Thanks to an amendment to the city’s hotel policy, developers can exclude large portions of their projects, such as lucrative meeting and conference facilities, hotel pools, fitness areas and business centres from CAC calculations.²⁴ In other words, developers can exempt tens of thousands of square feet used as the basis for calculating the value of community amenities, leaving potentially millions of dollars on the table that could be put toward affordable housing, child care spaces, parks, community centres, libraries, and other public uses.
- **Density incentives:** Hotel developments may be granted larger density for hotels than would otherwise be permitted under existing zoning. Council also recently voted to allow downtown hotel developers a 20% density exclusion for event and amenity

spaces,²⁵ which essentially allows developers free space to build larger, without requiring rezoning approval, and may also reduce their development cost levies which help fund local infrastructure. Similarly, incentives are being offered to hotels in the city's new "fast-track" zones.²⁶

- **Hotel-friendly pre-zoning:** The recent "fast-track" rezoning plan approved by Council allows 6-to 8-storey hotels in local neighbourhoods citywide to bypass rezoning approvals without having to go through a public hearing process.
- **Expedited approvals:** In addition to fast-track approvals, the recent adoption of the Official Development Plan allows larger hotel projects that conform with the city's hotel policy to be advanced without public hearings.
- **Reduced Development Levies (DCLs):** In December 2025, Council approved a 20% reduction to DCL rates. These reduced rates are available to all in-stream applications, residential and commercial, that have not had their building permit issued.²⁷

Collectively, these measures allow developers to retain a larger share of increased land value while reducing resources available for community benefits and infrastructure with less public scrutiny.

The irony is that these incentives are being introduced as Vancouver faces infrastructure funding pressures, a capital funding deficit, and an affordable housing crisis. Hotel developers are being asked to contribute less at precisely the moment the city needs greater public investment.

This concern is amplified by findings from a recent investigation by the city's Auditor General, which concluded that city staff repeatedly failed to maximize value for taxpayers in land transactions and community benefit negotiations.²⁸ When City Hall fails to secure the maximum public benefit in negotiations with developers, residents are justified in asking whether the city is prioritizing the interests of developers ahead of the interests of residents.

So, What About Jobs?

Industry proponents claim that new hotel development could create more than 5,400 direct jobs.²⁹ Yet little attention has been paid to where those workers will live, how they will commute, or whether the jobs created will provide a decent standard of living in one of North America's most expensive cities.

At the same time, hotel development proponents are advocating the use of technology and automated check-in systems to deliver a "contactless guest experience."³⁰ The contradiction is clear. Hotel development is justified on the basis of job creation while owners would

simultaneously seek to reduce labour costs and limit staffing requirements through automation.

The quality and sustainability of hospital employment should be part of the discussion. Hotel workers in the Lower Mainland earn an average annual income of nearly \$50,000, making it difficult to afford housing in Vancouver.³¹ While unionized workers have secured wage gains in the metro area, workers are being relentlessly squeezed by rising housing, food and transportation costs.

The industry's workforce tends to be older and stable with the majority working full-time hours. Over half of hospitality workers in the Lower Mainland are over the age of 35, while another 37% are aged 25 to 34, and 56% of workers in the sector are immigrants.³² If the city wants to encourage hotel growth, it should consider how the workers needed to operate hotels and their families will be housed and supported.

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To date, City Hall has ignored this aspect of the hotel supply debate. Hospitality is one of Vancouver's most important economic sectors, but there is no workforce strategy coupled with the push for more hotel supply. If Vancouver cannot house the workforce needed to support hotel growth, it should reconsider policies that prioritize hotel expansion over housing affordability and workforce sustainability.

Conclusion

Vancouver does not face a demonstrated hotel room crisis; it faces a housing affordability crisis. Residents surveyed agreed by a three-to-one margin that affordability should come first and that new hotels can wait. The evidence suggests Vancouver City Hall has relied on speculative forecasts, event-driven hype, and industry lobbying to justify incentives that benefit hotel developers, reduce community benefits, and divert attention from more urgent needs.

The question is not whether Vancouver should build additional hotels. The question is whether hotel developments should receive special treatment while affordable housing targets remain unmet, existing renters face displacement, and hospitality workers themselves struggle to afford living in the city they help showcase to visitors.

Before approving more hotel projects or granting additional incentives, Council should pause to determine whether the nearly 7,000 rooms in the pipeline are needed and whether the market can absorb them. Much more ambitious targets are needed to provide affordable housing for regular working people. City Hall should also ask a basic question: whose needs

are being prioritized? City policy should be guided by demonstrated need, community benefit, and affordability, not by developer wish lists or speculative projections decades into the future.

Recommendations for City Council:

- **Pause new hotel development approvals and undertake an independent review** to determine whether approved and proposed hotel projects are justified and whether the market can absorb nearly 7,000 rooms in the pipeline.
- **Prioritize aggressive targets for affordable housing over hotel expansion** by directing staff resources, approvals, and policy tools toward cooperative and other forms of non-market housing until the city demonstrates meaningful progress on affordable housing targets.
- **Stop giveaway to hotel developers** by eliminating community amenity reductions, density exclusions, and other hotel-specific incentives that reduce public benefits and shift costs onto residents.
- **Protect existing renters and restore public accountability** by prohibiting hotel projects that displace tenants and requiring hotel developments to undergo full public review and consultation.

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- ¹ Based on a poll of Vancouver residents conducted by Stratcom and commissioned by UNITE HERE Local 40 in May 2025.
- ² Ibid.
- ³ Ibid.
- ⁴ Rentals.ca June 2026 Rent Report, <https://rentals.ca/national-rent-report> (accessed on June 24, 2026).
- ⁵ Zillow Rentals, <https://www.zillow.com/rental-manager/market-trends/vancouver-bc/> (accessed on June 22, 2026).
- ⁶ City of Vancouver - Progress Report Dashboard 2025 Update, Housing Vancouver. Hotel room count based on projects receiving rezoning or development permit approvals in 2025.
- ⁷ Counts are based on Council approvals of projects between January through June 2026.
- ⁸ City of Vancouver - Progress Report Dashboard 2025 Update, Housing Vancouver.
- ⁹ Destination Vancouver: Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050, MNP LLP, November 2022.
- ¹⁰ Monthly Overnight Visitor Volume to Metro Vancouver, 1994-2023, Destination Vancouver.
- ¹¹ “Payoff from 2010 Winter Games exposure proving elusive for commercial and residential real estate,” *Business in Vancouver*, February 14, 2011; Room Revenues by Municipal Jurisdiction, 2003 Year End Tourism Room Revenue, BC Stats; Monthly Overnight Visitor Volume to Metro Vancouver, 1994-2023, Destination Vancouver; “Vancouver’s hotel building boom explodes,” *Daily Commercial News*, July 9, 2007.
- ¹² Based on Monthly Overnight Visitor Volume to Metro Vancouver, 1994-2023, Destination Vancouver.
- ¹³ Williams, Michael. “Vancouver heading toward ‘gong show’ during FIFA World Cup, developer warns amid hotel shortage,” *CityNews*, November 20, 2025.
- ¹⁴ Adams, J.J. “What World Cup bump? Vancouver hotel bookings down 20% this year,” *Vancouver Sun*, May 18, 2026.
- ¹⁵ Occupancy data reported as of June 1, 2026. Depner, Wolfgang. “Vancouver hotel bookings down ahead of FIFA World Cup, data shows,” *CBC News (The Canadian Press)*, June 10, 2026.
- ¹⁶ Ibid.
- ¹⁷ Korstrom, Glen. “Taylor Swift mania an economic gift for Vancouver businesses,” *Business in Vancouver*, November 12, 2024.
- ¹⁸ Ibid.
- ¹⁹ Toronto Downtown posted occupancy of 75.3% versus Downtown Vancouver occupancy at 80% and average daily room rate (ADR) of \$343.77. Trends in the Canadian Hotel Industry, National Market Report, December 2025, CBRE Hotels.
- ²⁰ There are 124,000 hotel rooms across NYC versus 25,937 in Greater Vancouver. Press Release: 2025 Visitation Surpasses Forecast, Generating \$84.7B in Economic Impact, New York City Tourism & Conventions, March 24, 2026
- ²¹ O’ahu posted occupancy of 78.6% and ADR of US\$284.12, while occupancy in Greater Vancouver was 78.8% with an ADR of C\$286.55. Hawaii Hotel Performance December 2025, State of Hawaii Department of Business, Economic Development & Tourism.
- ²² Bula, Frances. “Vancouver leads the way in building boom for hotels,” *The Globe and Mail*, February 2, 2024.
- ²³ Hotel Community Impact Assessment, April 2025 - Destination Vancouver and BC Hotel Association.
- ²⁴ Zavarise, Isabella. “Vancouver city council approves policy to generate thousands of hotel rooms,” *CTV News*, April 15, 2025; City of Vancouver Hotel Development Policy, May 19, 2026; Section 3.2.2.4. <https://guidelines.vancouver.ca/policy-hotel-development.pdf>.
- ²⁵ City of Vancouver - [Referral Report](#) – 2026 Financing Growth Update: Bill 16 Compliance Update to Density Bonus Provisions & Inclusionary Zoning, May 5, 2026.
- ²⁶ City of Vancouver - [Fast-Tracking Low-Rise Rental Housing and Low-Rise Hotels](#), December 11, 2025.
- ²⁷ City of Vancouver - Development Cost Levies Bulletin, January 22, 2026. <https://guidelines.vancouver.ca/bulletins/bulletin-development-cost-levies.pdf>
- ²⁸ Renger, Robert. “Why Vancouver’s Botched Land Deals Should be an Election Issue,” *The Tyee*, March 5, 2026.
- ²⁹ Hotel Community Impact Assessment, April 2025 - Destination Vancouver and BC Hotel Association.
- ³⁰ Ibid.
- ³¹ Estimates based on data from The Tourism and Hospitality Workforce Profile of the Accommodation Sector, 2025 Report, go2HR.
- ³² Ibid.