



# Anchor Inn & Suites Campbell River

261 Island Highway, Campbell River, BC | Hotel Investment Opportunity

**NAI**Commercial

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### NAI Commercial

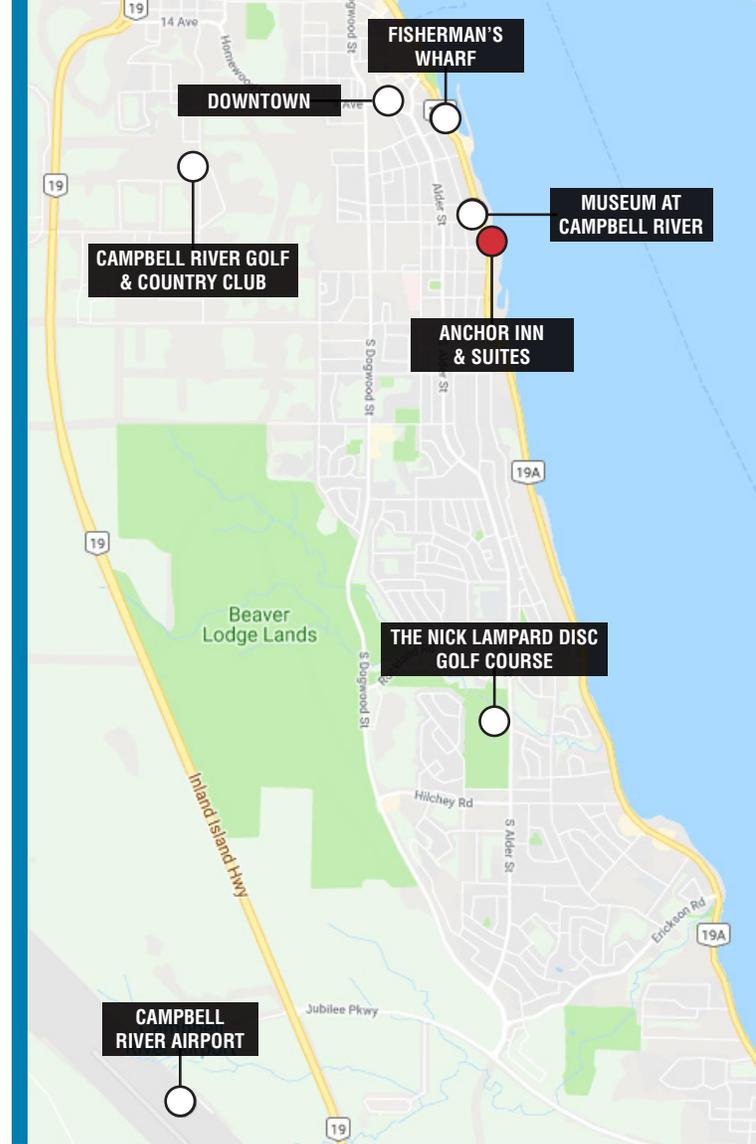
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# Location Overview

The Anchor Inn is located right on the Island Highway facing the ocean on the east coast of Vancouver Island. Overlooking the Discovery Passage, the Hotel is a five-minute walk from the Museum at Campbell River and a fifteen-minute walk from Downtown. The Property is easily accessible via a ninety-minute-drive from Nanaimo.

Campbell River is the third largest city on Vancouver Island following Victoria and Nanaimo. It is 154 kilometers from Nanaimo where BC Ferries services both Horseshoe Bay in West Vancouver and Tsawwassen, the 2 main ferry terminals from Vancouver. For over a century, Campbell River has been known as the Salmon Capital of the World, drawing international sport fishers every year as Tye, 70-lb King Salmon can be fished year-round.



# Economy

Campbell River has a population of 36,000 people with 60,000 living and working in the region. Retail, health care services, agriculture, fishing, forestry, and tourism drive the local economy in this community. The local economy is booming with the latest commencements of major developments such as the BC Hydro Dam, North Island Hospital, and Discovery LNG.

The largest industries in the City of Campbell River in terms of Employment of Residents are:

1. Retail (2,170)
2. Health care and social assistance (2,125)
3. Construction (1,510)
4. Agriculture, forestry, fishing and hunting (1,495)
5. Accommodation and food services (1,470)

(Source: Statistics Canada – Census Profile 2016)

- ▶ According to the B.C. Labour Market Outlook, the forecasted total employment growth in Vancouver Island from 2018-2028 is an addition of 153,800.
- ▶ The new destination marketing hotel tax (3.0%) was implemented in March 2017 and will increase funding for tourism promotion.
- ▶ In conclusion, economic growth is positive with new corporate/ commercial development anticipated in the immediate area in the short to mid-term.

# Recreational Activities

- ▶ **Rotary Beach Sea Walk (5-minute walk):** This paved 10 kilometer lane running alongside the shoreline offers flat and convenient access to spectacular views of the Discovery Passage and Quadra Island. Walkers, bikers and strollers are common on the pathway that runs along the beachfront and winds to iconic local hubs like the fiftieth Parallel marker, Rotary Beach Park, and cafes. A highlight for photographers is Big Rock, a massive, painted rock with many legends to its origin, sitting in the chilly waters reaching towards the path.
- ▶ **Museum at Campbell River (5-minute walk):** Explore vibrant and contemporary exhibits of First Nations cultures, sit behind the wheel of an early logging truck, and learn about early days of recreational and commercial fishing at the award-winning Campbell River Museum. While visiting, be sure to take in the short film on the Ripple Rock explosion, in the Van Isle Theatre.
- ▶ **Elk Falls Provincial Park:** Lose yourself in nature and the overwhelming power of the Elk Falls from the swinging suspension bridge above. After the waterfall, wander through the six kilometers of serene old growth forest trails and feel dwarfed by the sky high trees. Nestled in nature, Elk Falls will leave you in awe of west coast woodlands. While visiting, be sure to check out the John Hart Dam Interpretive Centre.
- ▶ **Maritime Heritage Centre:** Discover the area's rich fishing history at the Maritime Heritage Centre. Behold the fully restored motor vessel BCP 45, a table seiner made famous on the Canadian five dollar bill in the 1970s. Now a national historic site, guests are allowed to hop aboard the restored table seiner and explore the cabins below deck. In addition to the BCP 45, the Centre also has an eclectic collection of maritime artifacts that range from model ships to Navy paraphernalia.
- ▶ **Ripple Rock Hike:** This popular hiking trail overlooks the site of the famous 1958 Ripple Rock blast, which was the largest non-nuclear explosion in the world at the time. While the detonation was dangerous, the trail is the opposite. At 4 kms long in each direction, this moderate trail provides scenic viewpoints overlooking Menzies Bay and the Seymour Narrows.
- ▶ **Whale Watching (available from April to October):** Campbell River is a hub of opportunities for whale watching enthusiasts. Experience everything from whales, dolphins and sea lions, to bears and eagles through the safe guidance of an experienced and knowledgeable tour operator.
- ▶ **Bear Viewing (available from August to October):** In the fall, experienced local operators will take you to remote inlets on the mainland to view grizzly bears in their natural habitat. Watch from viewing platforms as bears fish for salmon in the river and forge along the shores for food. On the ride to the inlet, your boat will weave through the Discovery Islands searching for marine wildlife such as orcas, humpbacks and dolphins.
- ▶ Tourism has been increasing steadily and is vital to the economy of this region. See [www.campbellrivertourism.com](http://www.campbellrivertourism.com) for additional information.

# Investment Overview

Economic outlook is positive with the completion of new corporate and commercial development in the immediate area. The North Island Hospital was completed in 2017, adding 95 new beds, and serving a referral population of 60,000 in the region of Northern Island. Upon its completion, patient travels, locum doctors, and long term stays for family of patients have generated an uptick in demand for accommodation.

The Discovery liquefied natural gas (LNG) facility is being constructed on the site of the former Elf Falls Mill which shut its operations in 2009. The proposed LNG exports could begin as early as 2021. Along with the newly completed BC Hydro Dam, the hiring need of maintenance crew and also general administration staff is projected to generate consistent accommodation needs for the years to come.

## Newly Renovated

Current owner has invested \$1.6 million in capital expenditures as of May 2019.

### Improvements include:

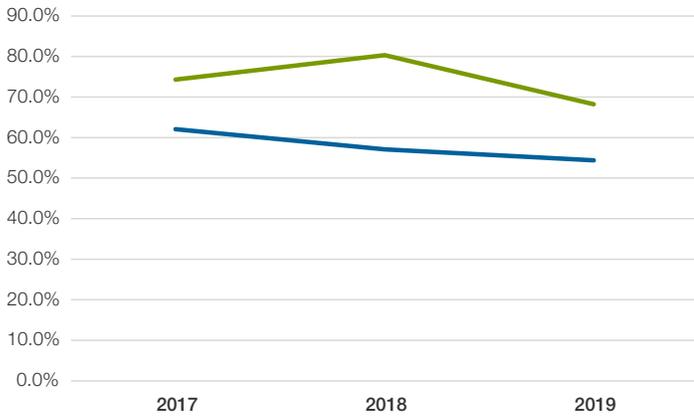
- ▶ New roof
- ▶ Upgraded network & Internet
- ▶ New flooring
- ▶ Meeting and ballrooms
- ▶ Parking lot pavement
- ▶ New laundry facility
- ▶ Swimming pool
- ▶ Upgraded restaurant and kitchen
- ▶ Gym
- ▶ New paint throughout the property

## The Only Waterfront Property Offering Convention and Banquet Amenities in Campbell River

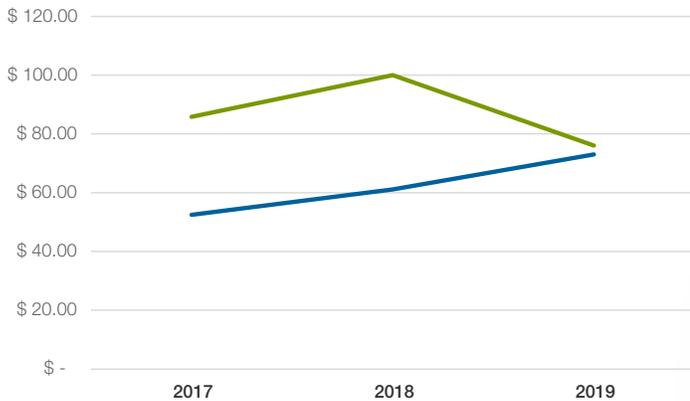
The Hotel is the only waterfront property with balconies and views of Discovery Passage available from every guest room. Being the only convention hotel in Campbell River that can accommodate up to 468 people, the property also captures the majority of the wedding business in town. The leased waterfront area offers the opportunity to build a dock for boat launching and docking for guests arriving by boat.



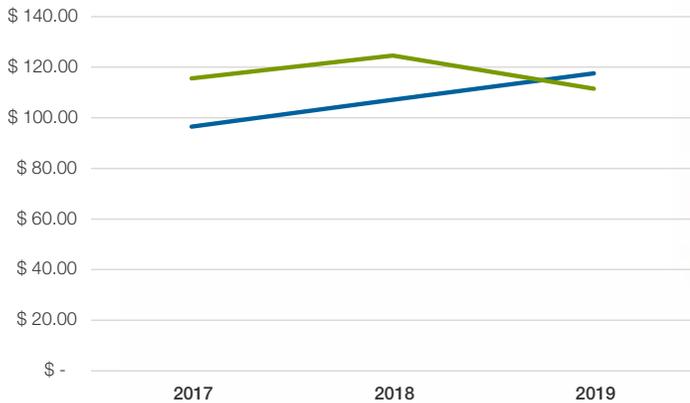
### Occupancy



### Revpar



### Average Daily Rate



- Campbell River Market
- Anchor Inn

### Strong Financials and Cash Flow

For the past three years, the Occupancy rate has been growing at a CAGR of 6.84%. ADR has been growing at a CAGR of 10.37%. REVPAR has been growing at a CAGR of 17.92%. And these numbers are projected to increase further after the major renovations are done. **The highlight of Anchor Inn's profitability is shown in the rapid growth of its EBITDA, which has been growing at a CAGR of 46.82% in the past three years.**

Tourism in particular is benefiting from the decline in the value of the Canadian dollar versus the U.S. greenback since 2014.

Campbell river market has been growing rapidly. With the right management team, Anchor Inn could capture more than its fair market share. See charts below for comparison between Anchor Inn and Campbell River Market.

## Future Branding and Management Changes

The newly renovated property meets criteria of a few different franchise opportunities. See forecast below.

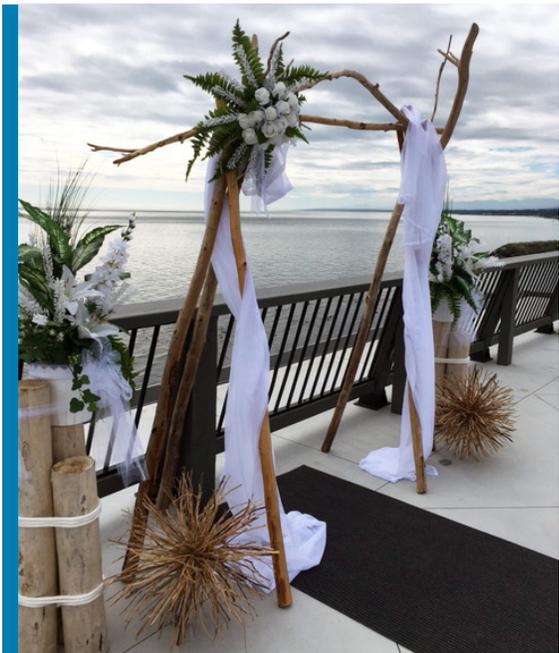
	Actual 12 Months from Jun 2017 - May 2018	OPTION 1: Projected fully renovated (Independent) 2019/2020	OPTION 2: Projected fully renovated (branded) 2019/2020
Occ%	57.1%	68.00%	78.00%
ADR\$	107.10	117.00	120.00
RevPar \$	61.11	79.56	93.60

## Unionized Properties Receiving Support from Other Unions for Conventions and Corporate Travelling

All unions in BC are encouraged to stay at unionized properties to support unions.

### Services and Amenities:

- ▶ Full wireless internet access
- ▶ Oceanfront hotel with views from all rooms and suites
- ▶ Private balconies
- ▶ Beach access from hotel
- ▶ Indoor, heated pool, & hot tub
- ▶ Jacuzzi – theme suites
- ▶ Guest laundry coin operated
- ▶ Close to hospital & government buildings
- ▶ Exercise facility
- ▶ Meeting & convention facilities for up to 250 people
- ▶ Quick start breakfast
- ▶ Panoramic ocean view restaurant
- ▶ Fishing packages
- ▶ Eco-tour and other packages
- ▶ Minutes from Rotary Sea Walk – stunning 4.2 km seaside walk
- ▶ Wedding services



# Property Description

As Campbell River's only oceanfront hotel, Anchor Inn offers 77 ocean view rooms, from which guests often report sightings of seals, killer whales, and eagles. For guests looking for a unique voyage, there are five deluxe Theme Suites including the Arabian Suite, Arctic Suite, English Suite, Safari Suite, and Western Suite.

## Hotel Description

<b>Name:</b>	Anchor Inn & Suites
<b>Property Type:</b>	Full Service Hotel
<b>Age:</b>	Built in 1977
<b>Remaining Useful Economic Life:</b>	30 years
<b>Size:</b>	<ul style="list-style-type: none"><li>• 77 guest rooms</li><li>• 7 floors</li><li>• Approx. 5,500 SF of meeting/conference space</li></ul>
<b>Other Facilities:</b>	<ul style="list-style-type: none"><li>• Licensed Restaurant &amp; Bar</li><li>• Indoor Pool &amp; Hot Tub</li><li>• Guest Laundry Machines</li><li>• Fitness Room</li></ul>

The food and beverage department of the hotel is generally where hotels lose money. On this property, however, that would not be the case. As the leased convention center will allow the operator to focus on the service level and standards, and at the same time, offering the space as added amenities to attract more business. (The F&B department has been leased out in 2019.) The property is also one of the very few hotels that holds both Liquor primary and Food primary license.

## Accommodations in Campbell River

Campbell River has 13 motels, hotels and resorts with a total of 691 rooms.

<b>Resorts (2)</b>	124 rooms	18%
<b>Hotels (2)</b>	146 rooms	22%
<b>Motels (9)</b>	421 rooms	61%



**Location, Access and Visibility**

- ▶ Campbell River is situated on central Vancouver Island.
- ▶ Island Highway (Highway 19A) in the City of Campbell River, 1.8 KM south of the downtown core.
- ▶ Campbell River is situated 44 KM north of Courtenay, 154 KM north of Nanaimo, and 266 KM north of Victoria.
- ▶ Waterfront property facing east with views of Discovery Passage and Quadra Island.
- ▶ The subject hotel is accessible via direct access off of Highway 19A.
- ▶ The subject hotel has good signage. The top floors of the hotel are visible from Island Highway 19A.

**Site Description**

<b>Area:</b>	Total site area is 2.8 Acres or 121,968 SF
<b>Parking:</b>	The subject provides 150 surface parking stalls.
<b>Topography:</b>	The subject site is situated on a bluff with a foreshore lease. The hotel has been constructed cascading from the bluff down to the shoreline. The foreshore lease to allow for additional parking on the lower level, in addition to the Anchor Room, the wooden deck and walkways.  We assume the hotel is setback to allow for high tide, and located outside of any designated floodplain areas.

**Total Site Area and Zoning**

2.8 Acres or 121,968 SF. The foreshore lease parcel (excluded from the aforementioned Site Area) measures approximately 0.3180 hectares.

C6 - Commercial Six zoning





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