

DETROIT

Huntington Place to get renovation, attached hotel in deal with developer



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Detroit — In a boost to downtown Detroit's convention and tourism business, Huntington Place will be renovated and an attached hotel with several hundred rooms built under a deal between a developer and the authority that manages the event center.

The Detroit Regional Convention Facility Authority board voted Tuesday to enter an agreement with the developer of the former Joe Louis Arena site, Detroit-based Sterling Group, for the improvements, said Claude Molinari, board chairman of the authority and president and CEO of Visit Detroit.

The formal vote comes after the board's previous discussions with the firm about building a hotel next to the convention center. Crain's Detroit Business first reported the board's vote Tuesday.

"That may be way too ambitious, but we're in desperate need of this development to enhance our offering," he said. "And so whatever we can do to expedite the process is what we're going to do. We've got a long way to go, but we've got an idea in place, and certainly, we're working towards improving access to the riverfront, which will be a huge benefit to all Detroiters and Michiganders, frankly, and all our guests."

Sterling Group representatives were not immediately available for comment Tuesday.

Molinari said the projects will improve access to the convention center, which hosts the annual North American International Auto Show, add parking spots and provide much-needed hotel capacity for visitors.

He said he expects the hotel will have 600-800 rooms and be connected to the convention center. He said he'd like to see construction break ground before summer.

Molinari outlined how the agreement with Sterling Group will benefit convention center guests and event sponsors.

"Our intention is to connect Second Street all the way to the river, which will also work to the advantage of the Joe Louis Arena site," Molinari said. "So that they'll now have access on both sides because it's landlocked up against the loading dock to the convention center. We'll be able to improve the loading dock, which is completely inadequate for the current building, put some parking together. ... which will support the hotel."

He continued: "... it's a little bit fluid, but we're potentially looking at adding the second ballroom to the convention center because the current ballroom is in high demand and we have to turn away a lot of business. And in exchange for what we're doing Sterling Group is going to be building an upper upscale hotel."

The agreement follows Gov. Gretchen Whitmer signing into law in late December legislation that would allow for an expansion of Huntington Place. The bills allow the convention facility authority to enter into public-private agreements, eliminate the authority's \$279 million spending cap, authorize \$299 million in bonding and redefine convention facilities to include plazas, green space, roads and bicycle paths.

Molinari said authority officials are meeting with banks to support a bond.

The authority was created under 2009 legislation that transferred ownership and operation of Cobo Center, the former name of Huntington Place, from the city of Detroit in exchange for getting an infusion of state aid to pay for the renovation and expansion of the convention center to keep the North American International Auto Show.

The tourism industry has said there is a need for more hotel investment in downtown Detroit as it hopes to attract more large-scale events like the 2027 NCAA Men's Basketball Final Four awarded to the city in late 2022. Molinari told The Detroit News in December that while Metro Detroit has 45,000 hotel rooms, Detroit's 5,000 rooms put the city at a competitive disadvantage.

"What's happening is that there are events that are just straight up choosing not to come here simply because they would have to shuttle-bus their attendees and that's just not optimal, especially when you have choices in other cities like Houston or in Indianapolis where they've got 2,000 rooms connected to the convention center," he said.

As last year ended, hotel room occupancy in Detroit's central business district was steadily returning to pre-pandemic levels, according to STR, a global hospitality data and analytics company. The year-to-date occupancy as of October was 51.9%, up from 34.1% for the same time period in 2021 and 28.6% in 2020.

As of October 2019, occupancy in the central business was 69.9%. That occupancy level is just shy of the level when a hotel market would typically consider adding new hotels, which is north of 70%, Romy Bhojwani, director of hospitality market analytics at CoStar Group, STR's parent company, told The News in December.

The hotel next to Huntington Place would join several other projects planned or underway to add hotel rooms in and near downtown. Cambria Hotel Detroit Downtown on Lafayette Boulevard is expected to open as soon as February and Corktown's Godfrey Hotel west of downtown is slated to open in the spring.

The Westin Book Cadillac is undergoing \$20 million in renovations, and the Ilitch family's Olympia Development and New York mogul Stephen M. Ross's Related Companies in November detailed plans to build two hotels with 467 rooms as part of a \$1.5 billion investment in the District Detroit.

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