

Plans for new hotel tower near Cobo Center heat up



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In the year since *Crain's* first reported that the **Crowne Plaza Downtown Detroit Riverfront** (still referred to by many as the Pontch) was considering a second tower, there's been little chatter about it. Now things are picking up.

While the tower is still in the planning stages, it's very much a live plan the hotel is exploring, asset manager Jerry Carreno said, adding that the Crowne Plaza has shown renderings to the **Detroit Metro Convention & Visitors Bureau, Cobo Center**, Wayne County and the city but has not officially submitted anything, yet. The second tower could wind up being larger than the existing tower and could operate under a different InterContinental Hotels Group brand, possibly even an extended-stay flag, he said.

"It depends on what the marketing study brings back to us," he said.

The 25-story hotel has 367 guest rooms, including more than 60 suites, as well as an indoor pool, business center, ballroom and 10,000 square feet of meeting space.

There are early renderings of the second tower, which would front Washington Boulevard across from Cobo Center, he said. But the hotel's Mexican and European ownership group, **Pontchartrain Detroit Hotel LLC**, led by Mexican investor Gabriel Ruiz Huerta, needs to polish the business plan, do environmental, structural and traffic studies and meet requirements for adequate parking before officially submitting the plan to the city of Detroit and seeking financing.

"We wish you could break ground in ... a year even. But it's quite a long process to get the entitlements," he said.

One of the main concerns is the hotel doesn't have enough parking spaces to greenlight the expansion project, Carreno said.

To address that, the Crowne Plaza's team has been talking with Cobo Center about potentially leasing parking spaces.

"We don't know how many spaces we'd need yet," Carreno said. "It could be as low as 40 spaces or as high as 250 ... depending on what we come up with when we complete the design phase."

Cobo Center is moving forward with an expansion and refurbishing of its parking infrastructure expected to add about 550 parking spaces to its current 2,200 spots, General Manager Claude Molinari said.

While it has plenty of demand for its parking, both from event attendees and people coming into the city for work, Cobo is considering leasing space to the ownership group of the Crowne Plaza Detroit, he said.

"The number of hotel rooms downtown is not sufficient to serve Cobo Center. We are significantly handicapped in our pursuit of national convention business by a lack of hotel rooms within walking distance of the venue," Molinari said.

"We are desperate for more hotels. If the difference between someone building or not building a hotel has to do with having enough parking close to that hotel, we are considering what's in our best interests."

When the hotel is extremely busy, "it will most likely be based on groups making use of Cobo Center," he said.

Carreno said business at the Crowne Plaza has been good since it opened (or for Pontch fans, reopened) three years ago after a \$5 million renovation.

The market is quite strong, performing at 70 percent-plus occupancy, he said. "If things keep lifting the way they are, we might see a lift in (average daily rates)," he said.

But the plan for a second tower isn't based on the hotel's current level of business, Carreno said. "It's based on the future growth you can have," he said.

Hotel experts last year said a second tower would cost about \$30 million-\$35 million to build and could bring the hotel up to 800-850 rooms, making it the state's second largest hotel behind the riverfront **Detroit Marriott at the Renaissance Center**.