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Region's Hotel Industry in Midst of Building Spree

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Wednesday, October 15, 2014
By Dan O'Brien

YOUNGSTOWN, Ohio -- You would be hard pressed to find a period when investment in new hotel construction was as robust as it is today across the Mahoning Valley.

At least five hotel projects and several more renovations that run in the tens of

millions of dollars are on the books as the construction season moves into the cold-weather months.

Hotels are either planned or under construction in Liberty, Canfield, Salem and Boardman, while a recently finished complex in Niles hopes to draw in even more business to a thriving retail area.

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"Youngstown in general has seen a resurgence," says Scott Yaeger, president of Radius Hospitality, Canton, which will manage a new Courtyard by Marriott under construction in Canfield. "This area and the entire region continues to grow, and this hotel is a natural for this market."

The new hotel is part of CTW Development's Westford Lifestyle Community – an upscale mixed-use development filled with office buildings, retail shops, restaurants and golf course, as well as houses, villas and condominiums.

An integral part of the development plan was to have a hotel to complement Kennsington Golf Club, while also meeting demand in this part of Mahoning County, says Chuck Whitman, president of CTW.

"We've never deviated from our plan at Westford," he says. "As soon as we're finished here, we're going to add a banquet facility that could hold close to 1,000 people."

The banquet hall, to overlook the golf course, would be enclosed in floor-to-ceiling glass.

Whitman says he expects the new hotel to open next June 15.

The Canfield Courtyard Marriott is likely to stand out in the region, Yaeger says, because the nearest Courtyard hotels are in Cranberry Township, Pa., and Akron. "It's a great name for business travelers, and with the tie with Kennsington Golf Club, it's a natural for our weekend business," he says.

Kennsington, Yaeger adds, is ranked among the top courses to play in the region, attracting out-of-town guests every season. Not only does the Courtyard name command a loyal corporate following, he says, it draws those who look for leisurely summer getaways.

"It really is a well put-together property," Yaeger remarks.

Between 25 and 30 tradesmen were busy the morning of Oct. 9 laying masonry and concrete flooring on parts of what will be a five-story hotel with 110 rooms

that will connect with Kensington's clubhouse.

The Canfield hotel will offer a full-service restaurant and bar, indoor swimming pool, board rooms, meeting rooms, a large outdoor patio able to accommodate 300 people, and a business center for snacks and sundries, Yaeger says.

Yaeger's company also owns the Holiday Inn-Boardman and has an interest in another hotel under development in Liberty Township along Belmont Avenue where a Ramada Inn once stood, relates township administrator Pat Ungaro.

Earth-moving equipment is preparing ground for the project – an \$11 million Comfort Suites hotel with 85 rooms. "It's moving along at a good pace," Ungaro says. "They're also going forward with the banquet center."

The Belmont Avenue corridor in Liberty is home to a cluster of hotels and motels because of its proximity to the Interstate 80 interchange. And while some argue that the market is being saturated with new construction, Ungaro says other hotels have folded and reduced the number of rooms.

The Metroplex, for example, is closed and twice has failed to sell at auction. And, the motel directly behind it is entering foreclosure. Regardless, at least one developer has expressed interest in bringing it back. That means redeveloping these properties isn't out of the question, Ungaro says, noting that the Metroplex is now listed with a more aggressive real estate agent.

"What's really helping growth here is [that it's a] Community Reinvestment Area," Ungaro adds, a status that allows property tax incentives of 50% to new development projects along the segment of Belmont Avenue from Gypsy Lane to Tibbetts-Wick Road.

Yaeger says the Liberty site is a superb location for Comfort Suites because it's positioned directly off the interchange.

"That area hasn't seen a new hotel in quite a while," he says, noting only the Hampton Inn serves the traffic that exits into Belmont Avenue.

Hotel operators agree that a relatively healthy local economy is attracting new business to the Mahoning Valley, some of it generated by the oil and gas industry, some engendered by the upswing in manufacturing. This in turn boosts the hospitality industry's bottom line and makes it possible to expand.

In Salem, construction continues on a \$6 million Holiday Inn Express with 70 rooms that officials say is the direct result of oil and gas exploration in the Utica and Marcellus shale plays. Meanwhile, a new Best Western hotel along Tiffany Boulevard in Boardman is in development as a response to growing demand.

This flurry of new hotel construction is inching closer to a saturated market, observes Dave Mangus, area director of operations for TMI Hospitality.

"We're not there yet, but we're getting to a point where we're close to saturation level," he says. "Looking at what's down the pike, there's quite a bit of inventory coming into the market."

TMI, based in Fargo, N.D., this spring opened the \$14 million Residence Inn by Marriott at the Eastwood Mall complex in Niles. The company also owns the Residence Inn, a Hampton Inn and Suites and a Fairfield Inn, all in Boardman.

"We really opened strong, and we couldn't be happier," Mangus says, referring to the reception to date at the Eastwood Mall development. "I think the mall is a big draw and this area was hungry for an extended-stay hotel."

Investments by major manufacturers such as General Motors Co. at its Lordstown Complex have helped to drive the construction market for hotels more than the oil and gas industry in this section of Trumbull County, Mangus says.

At the same time, TMI is spending to maintain and renovate its hotels in Boardman, Mangus reports. Last year, the company spent \$1.2 million on renovations to the Residence Inn in Boardman and recently finished renovating its Hampton Inn nearby.

TMI now plans to renovate its Fairfield Inn by converting it next year to a Fairfield Inn & Suites. Over the last two years, the company's area director estimates, TMI has spent some \$20 million on its holdings in the Mahoning Valley.

"We had a strong summer," Mangus relates. "This time of year business starts to level off, so it's right where we anticipated."

Radius Hospitality's Yaeger says that while it's apparent that more hotels are under construction here, he sees opportunity in areas where demand is unabated. "It seems that a lot is hitting the market. And it is. But, I think what is going on now will certainly be able to support itself without any problem."

Yaeger agrees that the market could still face saturation and concedes that Ohio

overall has a surplus of hotels. But targeting strategic areas of development in particular markets – Canfield, for example – is a safe bet in what has seen a very active building schedule.

"I think there's always opportunity," he says. "You just have to look at the right markets and see the need."

In many ways, the hospitality market is largely rebounding from the devastating hit the industry took during the Great Recession, Yaeger relates.

"There were many years that nobody was building. You couldn't get loans," he recalls. "Now, it's opening back up again. All of the supply that was missing is now being brought back in."

Pictured: Dillon Varga and Anthony Ambrocy guide a concrete slab into place at the Courtyard hotel under construction in Canfield.

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