

NATIONAL MARKET REPORT

April 2018

- In April 2018, the CBRE national hotel sample experienced a 62.7% occupancy level, 1.1 percentage point growth in occupancy from April 2017.
- The April 2018 average daily room rate for hotels tracked by CBRE increased by 4.1% to \$146.70 compared with \$140.99 in April 2017.
- Revenue per available room for CBRE's sample increased by 5.9% to \$92.00 in April 2018 compared with \$86.84 in April 2017.

2018 – 2022 FINANCIAL OUTLOOK

The Canadian Accommodation Sector is performing well as shown by the year end 2017 results/forecasts and based on projections for 2018 and beyond. Domestic business and leisure travel has increased in virtually all areas in 2017 and the economic fundamentals are in place to lead to additional growth in overnight travel in 2018. We have made some revisions to our long term financial outlook for the industry since Fall 2017, with forecasted improvements across all regions.

Industry performance in Central Canada is quite strong, both in Ontario and Quebec. Demand grew by 3.2% in 2017 and is projected to increase by a further 2.2% in 2018. ADR growth for 2018 is projected at 4.6% or approximately \$7.00. The improvement in top line performance is projected to lead to better bottom line growth. In Fall 2017, ANOI for year end 2017 was projected at \$13,500 Per Available Room and for 2018 it was projected at \$14,700. Projections for 2018 have been revised upward to \$14,400 Per Available Room for 2017 and \$15,700 Per Available Room for 2018. The new forecast would result in a 9% improvement in ANOI in 2018 compared with 2017. Looking beyond 2018, ANOI Per Available Room in Central Canada is expected to increase by 31% to \$18,800 Per Available Room by 2022.



Atlantic Canada is expected to see strong demand growth in 2018, while there will also be considerable increases in guest room supply. Room supply is projected to increase by 4.2% and demand growing by 3.7%. With generally strong economic performance forecast throughout Atlantic Canada, operators are projected to achieve ADR growth of approximately \$5.00 or 3.4% in 2018. Overall, RevPAR growth of 3% is projected for the region in 2018, up from our previous Fall 2017 forecast of 2.2% growth for 2018. Atlantic Canada's estimated ANOI Per Available Room in 2017 was \$10,300, with a Fall 2017 forecast of an increase of 4% in 2018 to \$10,800. The revised Spring 2018 projection represents a \$1,200 per available room increase over our Fall 2017 forecast. ANOI in this region is projected to increase by 27% between 2017 and 2022, to reach \$13,100 Per Available Room.

CBRE HOTELS

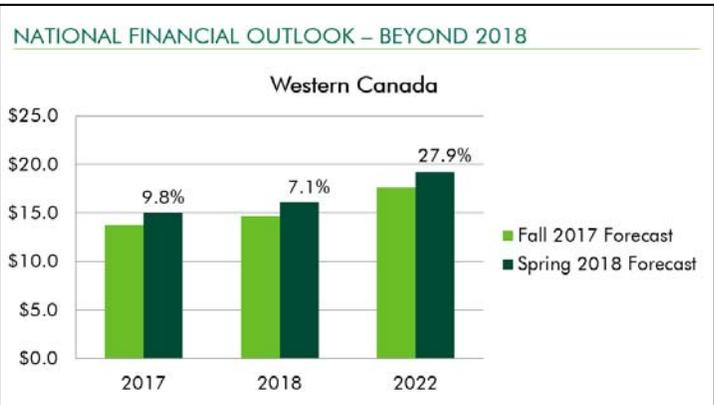
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Hotel top line and financial performance growth in Western Canada in 2017 was once again lead by strong results coming from British Columbia. Manitoba performance was also strong in 2017. Alberta experienced some top line improvement in 2017, but along with Saskatchewan this did not translate into improved financial results. Overall, demand in Western Canada improved by 4.6% in 2017 and a further 2.4% is projected for 2018. Strong RevPAR growth projected for BC and Manitoba will generate improved bottom lines, while both Alberta and Saskatchewan are not projected to see any significant improvement in ANOI in 2018. ANOI Per Available Room finished 2017 at an estimated \$15,000 and is now projected to see growth of 7% into 2018 resulting in ANOI of \$16,000, which is \$1,300 higher than our Fall 2017 projections. With future improvements in performance in the Prairie provinces, the 2022 forecast calls for an ANOI at \$19,200 Per Available Room, which will be up 28% from the 2017 results.

On a national scale, the strong performance of the accommodation sector in some of the key provinces, notably Ontario, Quebec and British Columbia, will lead the way to improved results in 2018. While the overall occupancy percentage for Canada is projected to remain flat for 2018, strong ADR growth will lead to higher top line results and higher ANOI. Overall, the accommodation market is projected to see stronger growth in 2018 than we originally projected last fall, with strong ADR growth in many areas contributing to the higher than anticipated performance. In terms of financial performance, Central Canada will see the strongest growth in ANOI in 2018 by 11%, followed by Western Canada at 7% and Atlantic Canada at 4%.

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