

NATIONAL MARKET REPORT

July 2019

- In July 2019, the CBRE national hotel sample achieved a 75.8% occupancy level, a -0.8-point decrease from July 2018.
- The national average daily room rate for hotels tracked by CBRE decreased to \$179.97 in July 2019, down -0.9% over July 2018.
- Revenue per available room for CBRE's sample decreased by -1.9% to \$136.50 in July 2019 from \$139.20 in July 2018.

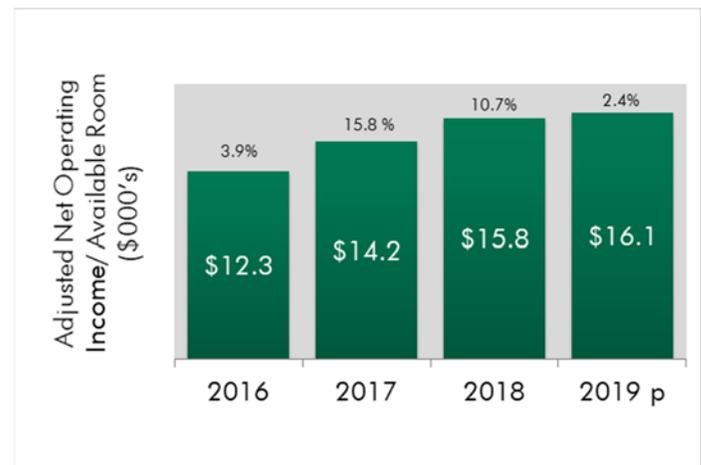
2018 INDUSTRY OVERVIEW

NATIONAL OVERVIEW

The Canadian accommodation industry continued strong performance from both a top-line and bottom-line perspective in 2018. British Columbia once again led the country in bottom line growth in 2018 with an increase of 17.2%. The growth in Central Canada was largely driven by Ontario, which achieved 10% growth following a 20% increase in 2017. Saskatchewan has faced some challenges in recent years and slow top line performance in the province is contributing to bottom line erosion. Due to declines in ADR, Atlantic Canada has also started to experience erosion in its bottom-line performance.

Overall from a national perspective, occupancy increased in 2018 and ADR improved by 4.4%, both of which contributed to growth in bottom line of 10.7%. Adjusted Net Operating Income finished the year at \$15,762 per available room, up from \$14,238 per available room in 2017.

The graph highlights historic Adjusted Net Operating Income at the national level, inclusive of management fees, franchise fees and capital reserves.



REGIONAL REVIEW

Western Canada had the most improved regional performance in 2018, with ANOI increasing 12.9% at \$16,693 per available room. This was supported by a rebound year from Alberta performance and continued success in BC.

Central Canada achieved relatively modest growth of 9.8% in 2018, following a 22% increase in 2017. Ontario and Quebec have returned to normal levels following strong performance in recent years.

Following strong growth in 2017, Atlantic Canada's top-line performance declined in 2018. As a result, bottom line performance decreased 1.6% finishing at \$10,110 per available room.

- **Western** – increased 12.9% over 2017
- **Central** – increased 9.8% over 2017
- **Atlantic** – decreased -1.6% over 2017

CBRE HOTELS

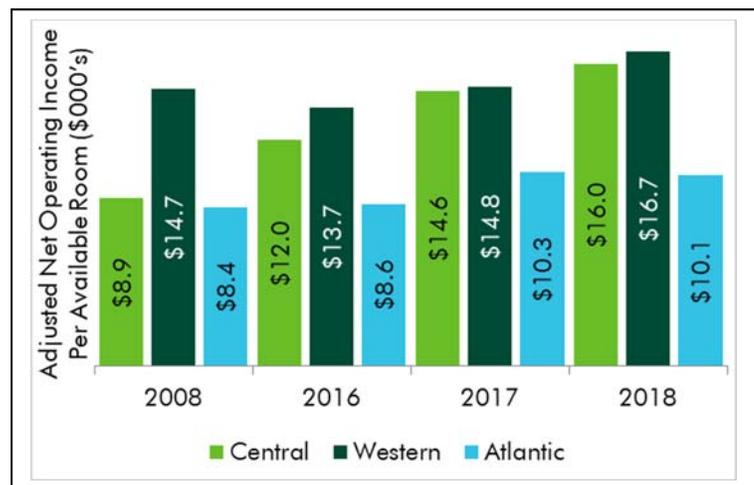
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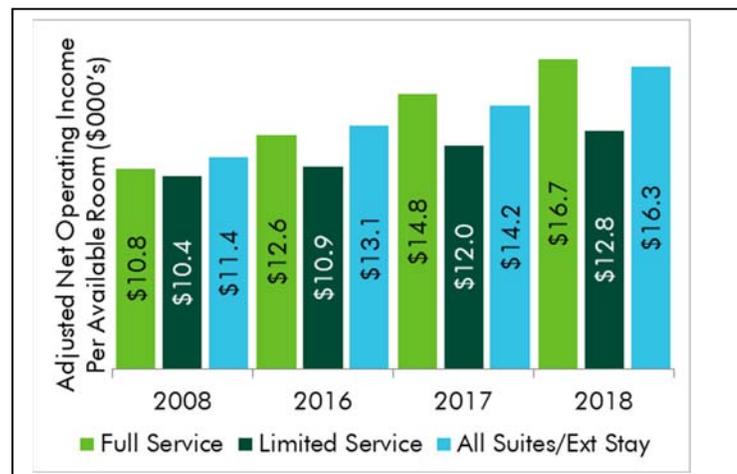


PRODUCT SEGMENT REVIEW

Nationally, all hotel property types once again achieved strong ANOI growth in 2018. The all suite/extended stay properties led with a 15.2% increase in bottom line performance followed by the full-service properties at 12.8% growth.

Limited service properties rebounded in bottom line performance in 2017 and 2018 following a 4% decrease in 2016. Limited service property bottom lines increased by 6.6% in 2018. Extended stay properties had the largest increase in 2018 with growth of 15.2% building on an 8.7% increase in 2017. Full-service properties had another year of strong performance with growth of 12.8% in 2018 falling in line with the performance of 2017 and an increase of 17.5%.

- **Full Service** – increased 12.8% over 2017
- **Limited Service** – increased 6.6% over 2017
- **All Suite/Extended Stay** – increased 15.2% over 2017



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