

NATIONAL MARKET REPORT

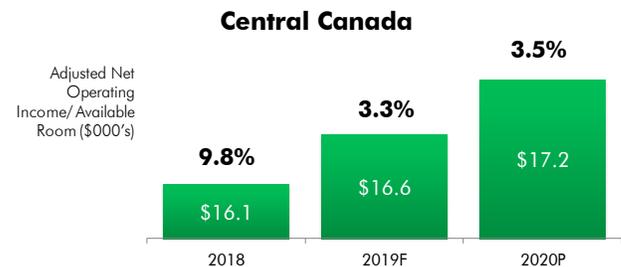
October 2019

- In October 2019, the CBRE national hotel sample achieved a 67.8% occupancy level, a 2.4 percentage point decrease from October 2018.
- In October 2019, the national average daily room rate for hotels tracked by CBRE decreased by 0.2% from October 2018 to \$158.01.
- Revenue per available room for CBRE's sample decreased by 3.7% to \$107.09 in October 2019 from \$111.22 in October 2018.

THE 2020 TO 2024 OUTLOOK

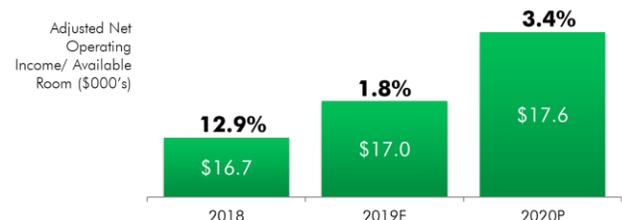
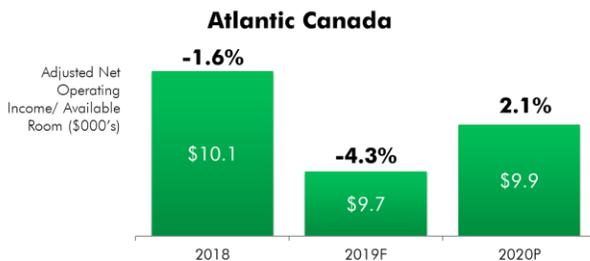
Following strong performance in 2018, the Canadian accommodation industry has taken its foot off the accelerator in 2019. At a national level, RevPAR growth is forecasted to grow 2.3%, following a 5.5% increase in 2018 and bottom lines are expected to grow 2.4% over 2018 results to \$16,100 per available room. Nationally, 2017 and 2018 were strong performing years in both occupancy and ADR growth, while 2019 is expected to remain flat. From 2020-2024, a healthy level of ANOI growth is expected following a lukewarm performance year in 2019.

The adjusted net operating income in Central Canada is coming off two strong years with growth of 21.9% (2017) and 9.8% (2018) with strong performance in the Ontario and Quebec markets. Our ANOI forecast for 2019 is 3.3% resulting in \$16,580 per available room. This forecast is due to minimal occupancy growth in this region and a lower ADR increase compared to 2017 and 2018. For 2020, RevPAR growth is projected to be in line with 2019 performance, with bottom lines in Central Canada increasing by around 3.5% to reach \$17,200 per available room.



RevPAR growth in Atlantic Canada in 2018 was down -0.2% and ANOI decreased by 1.6% to reach \$10,110 per available room. Atlantic Canada has continued to see a significant growth in room supply in 2018 and 2019 which has not kept pace with demand growth and as such occupancy is expected to remain flat over the projection period. ADR growth is expected to be negligible as well in 2019 resulting in a RevPAR growth of 0.1% and ANOI decreasing by -4.3%. In 2020, RevPAR is expected to return to healthy growth levels which will result in 2.1% lift in ANOI.

British Columbia is leading ANOI growth for Western Canada once again in 2019, however the weak performance of Alberta and Saskatchewan has been lowering ANOI growth for the region. In 2018, ANOI growth for Western Canada was 12.9% while in 2019 it is estimated at only 1.8% growth. RevPAR projections for 2019 in Western Canada were estimated at 2.3%, much less than the achieved growth in 2018 of 7.2%. On the horizon, Western Canada is expected to see positive ANOI growth in 2020 and over the next four years.



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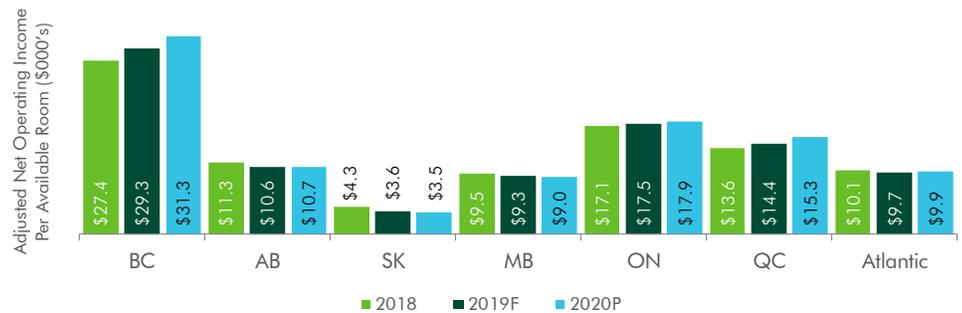
145 King Street West
Suite 1100
Toronto, ON
M5H 1J8
416.362.2244 (T)
416.362.8085 (F)

Vancouver

1021 West Hastings Street
Suite 2500
Vancouver, BC
V6E 0C3
604.662.3000 (T)
604.689.2568 (F)

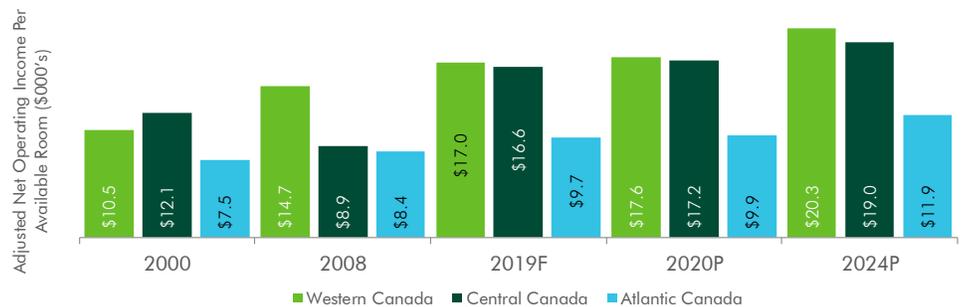
Western Canada continues to generate strong RevPAR growth, largely due to British Columbia's performance. British Columbia is forecasted to grow RevPAR by 5.3% in 2019. In 2020, ANOI growth for Western Canada is projected at 3.4%, a more modest level of growth compared to the 12.9% increase in 2018. The large amount of supply entering the Alberta market is slowing the ANOI growth pace for the region.

Provincial ANOI results in 2019 continue to be led by British Columbia with a 6.9% forecasted increase. Quebec and Ontario are both projected to finish with healthy 2019 ANOI growth at 5.4% and 2.3% respectively. Over the horizon, these Central Canada provinces are expected to continue to see positive growth. On the other spectrum, ANOI in Alberta for 2019 is forecasted at \$10,600 per available room, a 6.0% decrease from 2018 results.



From 2020 to 2024, all three regions are forecasted to improve ANOI with Atlantic Canada leading the way at an estimated 20.9% ANOI growth. With healthy growth in Ontario and Quebec expected over the next four years, Central Canada is estimated to see ANOI increase by 10.7% from 2020-2024. Western Canada is expected to grow by 15.8% over the same period.

Canada as a whole is forecasted to see ANOI rise from \$16,698 per available room in 2020 to \$18,590 per available room in 2024, an increase of 11.3%. This projection is fueled by consistent high annual ADR growth over the 2020-2024 period, which will help achieve the projected ANOI.



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