

# CBRE HOTELS UPDATE

## Q1 2018

This quarterly report provides a more focused look at performance in Eastern and Western Canada major markets and the variances across the provinces and major markets.

The data shows the progress of the Canadian lodging sector relative to the CBRE Hotels 2018 forecast that was presented in the December 2017 issue of our National Market Report.

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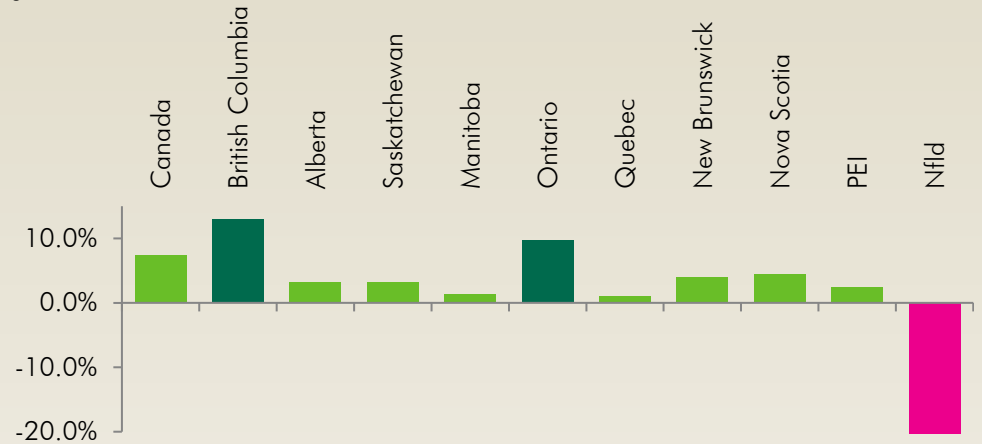
## HOTEL PERFORMANCE – NATIONAL FOCUS

While there are still significant performance differences among regions and major markets, stronger occupancy and ADR growth in Quarter 1 than originally anticipated, contributed to even stronger RevPAR growth nationally at 7.3%, well above our annual Outlook at 4.7%.

NATIONAL	2017	2018 OUTLOOK	2018 (YTD Q1)
Occupancy	66%	0.0 pts	▲ 1.4 pts
ADR	\$155	▲ 4.0%	▲ 4.7%
RevPAR	\$102	▲ 4.7%	▲ 7.3%

## YTD Q1 2018 REVPAR GROWTH

Through the first quarter, British Columbia and Ontario are driving the country in terms of RevPAR growth at 14% and 10% respectively. With the exception of Newfoundland, the balance of provinces all saw RevPAR growth in the first quarter, with Alberta, Saskatchewan, New Brunswick and Nova Scotia all above 3.0% growth.



## Q1 2018 CANADIAN CAP RATES

The following table summarizes the first quarter cap rate survey results for hotels in major Canadian markets.

	Vancouver	Calgary	Edmonton	Winnipeg
Downtown Full Service	4.50%-6.00% ◀▶	7.00%-8.75% ◀▶	7.25%-8.75% ◀▶	7.75%-9.00% ◀▶
Suburban Limited Service	6.50%-7.50% ◀▶	8.00%-9.25% ◀▶	8.50%-9.50% ◀▶	8.00%-9.50% ◀▶
Focused Service	6.00%-7.50% ◀▶	7.50%-9.25% ◀▶	8.00%-9.50% ◀▶	7.50%-8.75% ◀▶

	Toronto	Ottawa	Montreal	Halifax
Downtown Full Service	5.00%-6.00% ◀▶	7.00%-8.00% ◀▶	7.00%-8.00% ◀▶	7.50%-9.00% ◀▶
Suburban Limited Service	7.00%-8.50% ◀▶	7.75%-8.75% ◀▶	7.75%-8.75% ◀▶	8.50%-9.75% ◀▶
Focused Service	7.00%-8.00% ◀▶	7.50%-8.50% ◀▶	7.50%-8.75% ◀▶	8.00%-9.50% ◀▶

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## HOTEL PERFORMANCE – EASTERN FOCUS

Up to the end of Q1, performance in Central Canada has been stronger than originally anticipated, driven largely by Ontario, in part Toronto, but with the balance of the province having seen strong growth as well. Both Quebec and Atlantic Canada are both off to a slower than expected start to the year. Atlantic Canada's challenges are largely attributable to Newfoundland and St. John's in particular.

CENTRAL CANADA	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	70%	▲ 0.0 pts	▲ 1.5 pts
ADR	\$158	▲ 4.6%	▲ 4.9%
RevPAR	\$110	▲ 4.9%	▲ 7.5%

### ONTARIO

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	69%	▲ 0.4 pts	▲ 2.3 pts
ADR	\$155	▲ 5.0%	▲ 5.6%
RevPAR	\$107	▲ 5.6%	▲ 9.7%

### QUEBEC

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	70%	▲ 0.3 pts	▼ 1.2pts
ADR	\$168	▲ 4.0%	▲ 3.0%
RevPAR	\$118	▲ 4.4%	▲ 1.0%

### ATLANTIC CANADA

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	63%	▲ 0.0 pts	▼ 1.8 pts
ADR	\$135	▲ 3.4%	▲ 3.4%
RevPAR	\$86	▲ 2.9%	▼ 0.4%

## URBAN ANALYSIS

The drop off in performance in St. John's has been even greater than expected in the first quarter, while the improved performance in Toronto has outpaced our original forecasts. Halifax and Ottawa are slightly ahead of pace, while Montreal and Quebec City have seen only marginal RevPar growth in the first quarter.

	2017	2018F	2018 YTDQ1		2017	2018F	2018 YTDQ1		
<b>TORONTO</b>	Occupancy	76%	▼ 0.5 pts	▲ 2.4pts	<b>QUEBEC CITY</b>	Occupancy	68%	-	▲ 0.7pts
	ADR	\$172	▲ 6.0%	▲ 7.2%		ADR	\$168	▲ 2.5%	▼ 0.6%
	RevPAR	\$130	▲ 6.0%	▲ 11.2%		RevPAR	\$114	▲ 3.0%	▲ 0.5%
<b>OTTAWA</b>	Occupancy	75%	▼ 2.0 pts	▲ 0.4pts	<b>ST. JOHN'S</b>	Occupancy	63%	▼ 4.5 pts	▼ 10.2pts
	ADR	\$172	▲ 4.0%	▲ 1.0%		ADR	\$149	▲ 2.0%	▼ 1.8%
	RevPAR	\$128	▲ 1.0%	▲ 1.7%		RevPAR	\$93	▼ 6.0%	▼ 22.2%
<b>MONTREAL</b>	Occupancy	75%	▼ 2.0 pts	▼ 3.1pts	<b>HALIFAX</b>	Occupancy	72%	▼ 1.0 pt	▼ 1.2pts
	ADR	\$175	▲ 6.0%	▲ 4.4%		ADR	\$149	▲ 3.5%	▲ 4.6%
	RevPAR	\$131	▲ 3.5%	▼ 0.7%		RevPAR	\$107	▲ 2.0%	▲ 2.3%

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## HOTEL PERFORMANCE – WESTERN FOCUS

The strong RevPAR growth in Western Canada in the first quarter continues to be led by British Columbia, while not to the same extent both Alberta and Saskatchewan saw RevPAR growth in excess of 3.0% in the first quarter slightly ahead of our forecasts. This growth comes off a weak 2017.

WESTERN CANADA	2017	2018 OUTLOOK	2018 (YTD Q1)
Occupancy	62%	▲ 1.0 pts	▲ 1.7 pts
ADR	\$155	▲ 3.3%	▲ 4.6%
RevPAR	\$96	▲ 4.7%	▲ 7.9%

### BRITISH COLUMBIA

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	70%	▲ 1.5 pts	▲ 1.7 pts
ADR	\$173	▲ 5.0%	▲ 9.8%
RevPAR	\$121	▲ 7.2%	▲ 12.9%

### ALBERTA

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	54%	▲ 0.6 pts	▲ 1.9 pts
ADR	\$130	▲ 1.0%	▼ 0.9%
RevPAR	\$70	▲ 2.1%	▲ 3.2%

### SASKATCHEWAN

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	54%	▲ 0.3 pts	▲ 3.0 pts
ADR	\$119	▲ 1.0%	▼ 3.0%
RevPAR	\$64	▲ 1.5%	▲ 3.2%

### MANITOBA

	2017	2018 Outlook	2018 (YTD Q1)
Occupancy	69%	▲ 0.8 pt	▼ 0.5 pts
ADR	\$123	▲ 2.5%	▲ 2.1%
RevPAR	\$84	▲ 3.7%	▲ 1.3%

## URBAN ANALYSIS

In terms of the major urban centres in Western Canada, Vancouver at over 14% RevPAR growth in first quarter, is outpacing all expectations. Both Calgary and Regina saw strong first quarter Occupancy and RevPar growth .

	2017	2018 O	2018YTDQ1		2017	2018 O	2018YTDQ1		
<b>VANCOUVER</b>	Occupancy	79%	▲ 1.0pts	▲ 2.7pts	<b>REGINA</b>	Occupancy	56%	▲ 1.0pts	▲ 3.9pts
	ADR	\$190	▲ 6.7%	▲ 9.9%		ADR	\$121	▲ 1.0%	▼ 0.1%
	RevPAR	\$150	▲ 7.5%	▲ 14.3%		RevPAR	\$68	▲ 2.5%	▲ 7.9%
<b>CALGARY</b>	Occupancy	59%	▼ 0.0pts	▲ 3.0 pts	<b>SASKATOON</b>	Occupancy	60%	-	▲ 1.2pts
	ADR	\$144	▲ 1.2%	▼ 1.7%		ADR	\$125	▼ 0.5%	▼ 4.8%
	RevPAR	\$85	▲ 0.7%	▲ 4.4%		RevPAR	\$75	-	▼ 2.8%
<b>EDMONTON</b>	Occupancy	57%	▼ 0.0pts	▼ 0.2pts	<b>WINNIPEG</b>	Occupancy	71%	-	▼ 2.2pts
	ADR	\$130	▼ 2.0%	▼ 2.7%		ADR	\$129	▲ 2.5%	▼ 2.7%
	RevPAR	\$74	▼ 2.0%	▼ 3.0%		RevPAR	\$92	▲ 3.0%	▼ 0.8%