

## NATIONAL MARKET REPORT

December 2019

- In December 2019, the national hotel sample experienced approximately a 1 point decrease in occupancy from December 2018 to finish at 49.4%.
- The December 2019 average daily room rate for hotels tracked increased only marginally to \$152.51 compared with \$151.98 in December 2018.
- Revenue per available room for our sample decreased by 1.2% to \$75.28 in December 2019 compared with \$76.20 in December 2018.

## 2020 MARKET FORECAST

### 2019 Year End

In the summer of 2019, CBRE Hotels released our year end 2019 accommodation industry forecasts. Published in the June 2019 Trends issue, we had projected occupancy nationally to remain flat at 66% in 2019 with average daily rate forecast to increase by 2.5%, resulting in an expected increase of about 2.5% in RevPAR. Actual results show the industry fell short of these projections, coming in at 65% occupancy (down 1 point) and with growth in ADR of just 1.0%. Overall, RevPAR was flat relative to 2018 at \$107.

NATIONAL MARKET PERFORMANCE					
	2017	2018	2019	2020	2019-20
	Actual	Actual	Actual	Forecast	Change
<b>National</b>					
Occ	66%	66%	65%	65%	-
ADR	\$155	\$162	\$164	\$167	2.5%
RevPAR	\$102	\$107	\$107	\$109	2.5%

Virtually all major markets in the country finished 2019 below our mid-year expectations for RevPAR. While many markets met or even exceeded our expectations in occupancy, ADR expectations fell short in almost all markets. Only St. John's achieved better than expected results. Continued supply growth issues, a softening of demand growth, and continued pricing pressures impacted overall performance in most markets.

### 2020 Outlook

Our initial 2020 Outlooks were also published in the June 2019 Trends issue. Despite an increase in supply of almost 9,000 new rooms (about 2.0%), we had initially projected supply and demand to be in balance, with occupancy nationally remaining flat at 66% in 2020 and with average daily rate forecast to increase by 3.0%, resulting in an expected increase of about 3.0% in RevPAR.

Delays in hotel openings to later in the year and into early 2021 will decrease supply growth to about 7,500 new rooms in 2020, an increase of about 1.5% (although, this is still a historic high relative to new room inventory coming into the market). The lower level of new supply is good news, as overall demand growth levels are now projected to be softer as well, in balance with supply growth in that same 1.5% range. As a result, our current forecast suggests occupancy nationally will remain flat at 65% in 2020, in line with 2019, but down 1 point from the 2017 and 2018 industry highs of 66%, and still strong relative to historic levels. The pressure on rate growth in 2019 is anticipated to lead to continued pressure in 2020, but not to the same extent, with growth of 2.5% in ADR forecasted, resulting in a forecast for 2.5% growth in RevPAR.

Similar to national performance, our expectations for 2020 have decreased in many markets. Our original projections for Calgary, Saskatoon, and Winnipeg remain unchanged, while slightly improved performance is expected in Edmonton and Toronto. The improvements expected in Edmonton and Toronto are largely attributed to shifts in the timing of new supply. **While it is too early to project the impact now, there could be some further downward pressure from the Coronavirus in some markets.**

#### Revised Downwards

- **Montreal** – RevPAR now projected to grow 2.5% from our original projection of 4.0% growth
- **Ottawa** – RevPAR now projected to grow 1.0% from our original projection of 2.0%
- **Quebec City** – RevPAR now projected to grow 3.0% from our original projection of 6.0% growth
- **St. John's** – RevPAR now projected to grow 2.0% from our original projection of 4.0% growth
- **Regina** – RevPAR now projected to grow 3.0% from our original projection of 4.0%
- **Vancouver** – RevPAR now projected to grow 3.5% from our original projection of 4.0%
- **Halifax** – RevPAR now projected to decline 1.5% from our original projection of 1.0% growth.
- **Niagara Falls** – RevPAR now projected to grow 3.0% from our original projection of 4.0% growth

#### Unchanged

- **Calgary** – RevPAR projected to grow 2.5%
- **Saskatoon** – RevPAR projected to be flat
- **Winnipeg** – RevPAR projected to decline 0.5%

#### Revised Upwards

- **Edmonton** – RevPAR now projected to grow 1.5% from our original projection for the market to be flat.
- **Toronto** – RevPAR now projected to grow 2.0% from our original projection of 1.0% growth

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## MAJOR MARKET OUTLOOKS

Our Major Market Outlooks for the 6 major Western Canadian cities and 7 Eastern Canadian cities are summarized below. Based on year end 2019 results, and changing economic factors, we have revised our 2020 projections for these 13 major markets from our original fall 2019 Outlooks.

MAJOR MARKET OUTLOOKS - WESTERN CANADA						
		2017	2018	2019	2020	2019-20
		Actual	Actual	Actual	Forecast	Change
Vancouver	Occ	79%	80%	80%	80%	0.0 pt
	ADR	\$190	\$212	\$219	\$227	3.5%
	RevPAR	\$150	\$170	\$175	\$181	3.5%
Calgary	Occ	59%	63%	61%	61%	0.0 pt
	ADR	\$143	\$146	\$145	\$148	2.0%
	RevPAR	\$85	\$92	\$88	\$90	2.0%
Edmonton	Occ	57%	59%	56%	55%	(1.0 pt)
	ADR	\$130	\$129	\$126	\$129	2.0%
	RevPAR	\$74	\$76	\$70	\$71	1.5%
Regina	Occ	56%	60%	57%	58%	1.0 pt
	ADR	\$121	\$120	\$120	\$122	2.0%
	RevPAR	\$68	\$72	\$68	\$70	3.0%
Saskatoon	Occ	60%	61%	61%	60%	(1.0 pt)
	ADR	\$125	\$124	\$125	\$126	1.0%
	RevPAR	\$75	\$75	\$76	\$76	0.0%
Winnipeg	Occ	71%	70%	70%	68%	(2.0 pt)
	ADR	\$126	\$129	\$128	\$130	2.0%
	RevPAR	\$89	\$90	\$90	\$89	(0.5%)

  

MAJOR MARKET OUTLOOKS - EASTERN CANADA						
		2017	2018	2019	2020	2019-20
		Actual	Actual	Actual	Forecast	Change
Toronto	Occ	76%	76%	75%	74%	(1.0 pt)
	ADR	\$172	\$183	\$184	\$188	2.5%
	RevPAR	\$130	\$139	\$137	\$139	2.0%
Niagara Falls	Occ	68%	67%	67%	67%	0.0 pt
	ADR	\$161	\$167	\$168	\$173	3.0%
	RevPAR	\$109	\$112	\$112	\$115	3.0%
Ottawa	Occ	75%	73.5%	71%	71%	0.0 pt
	ADR	\$172	\$169	\$167	\$170	2.0%
	RevPAR	\$128	\$124	\$119	\$120	1.0%
Montreal	Occ	75%	72%	73%	72%	(1.0 pt)
	ADR	\$175	\$180	\$183	\$189	3.0%
	RevPAR	\$131	\$129	\$133	\$137	2.5%
Quebec City	Occ	68%	69%	69%	70%	1.0 pt
	ADR	\$168	\$177	\$177	\$181	2.5%
	RevPAR	\$114	\$122	\$122	\$126	3.0%
Halifax/Dartmouth	Occ	72%	70%	70%	68%	(2.0 pt)
	ADR	\$149	\$158	\$155	\$158	2.0%
	RevPAR	\$107	\$111	\$108	\$107	(1.5%)
St. John's	Occ	63%	53%	56%	56%	0.0 pt
	ADR	\$149	\$142	\$133	\$136	2.0%
	RevPAR	\$93	\$75	\$74	\$75	2.0%



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