

## NATIONAL MARKET REPORT

January | February 2019

- In January 2019, the CBRE national hotel sample achieved a 50.8% occupancy level, a 0.7 percentage point decrease from January 2018. In February 2019, CBRE's national hotel sample reported a 59.0% occupancy level in comparison to 58.5% in February 2018.
- In January 2019, the national average daily room rate for hotels tracked by CBRE increased by 2.6% from January 2018 to \$147.56. The national average daily room rate for February 2019 was \$149.38, an increase of 1.3% over February 2018.
- Revenue per available room for CBRE's sample rose by 1.2% to \$74.90 in January 2019. Revenue per available room increased by 2.2% to \$88.08 in February 2019 from \$86.18 in February 2018.

### MODERATE NATIONAL GROWTH EXPECTED FOR 2019

National occupancy in 2019 is expected to follow the performance results of 2018 and 2017 with occupancy forecasted at 66%. The strong occupancy and ADR performance in 2018 was led primarily by the Western Canada and Central Canada regions. The average daily rate ("ADR") is forecast to grow by 3.9% in 2019, once again driven by the Central Canada and Western Canada regions, specifically the Toronto and Vancouver markets.

#### TOP LINE PERFORMANCE

According to the Conference Board of Canada's 2019 Winter Provincial Outlook, the Canadian economy (Real GDP) is expected to grow 1.9% in 2019 following an estimated 2.0% growth in 2018 and 3.0% growth in 2017. On a provincial basis, Alberta, Quebec, Ontario and Manitoba are expected to see weakened GDP growth and Atlantic Canada and BC are expected to see positive growth due to increases in a variety of sectors such as the energy sector in BC and the rise in oil production in Newfoundland and Labrador.



2018 RevPAR Growth Actual		2019 RevPAR Growth Forecast	
Western	7.2%	Western	4.4%
Central	4.7%	Central	4.0%
Atlantic	-0.2%	Atlantic	2.6%

#### IMPACT ON THE CANADIAN ACCOMMODATION SECTOR

The CBRE Fall Outlook forecast for Atlantic Canada had projected RevPAR growth of 2.3% for 2018 and actual results showed there was no growth in this region, with results flat compared to 2017. The region was impacted by continued rate loss in St. John's and slowing demand in Charlottetown. The 2019 projections for Atlantic Canada call for RevPAR to increase by 2.6%, triggering a recovery for the Atlantic Canada market.

In 2018, RevPAR growth for Central Canada was forecasted at 4.9%. Actual 2018 performance showed the region achieved 4.7% growth driven by Quebec and Ontario performing at forecasted levels for occupancy and rate. Central Canada is expected to see RevPAR increase by 4.0% in 2019 fuelled by strong performance projections for the major markets in ADR and occupancy.

Based on the CBRE Fall Outlook in 2018, RevPAR growth in Western Canada was forecasted to be 7.6% in 2018. Actual performance results showed growth of 7.2%. ADR and occupancy performance was slightly subdued in the second half of 2018. The revised RevPAR projections for 2019 is for growth of 4.4%, a decimal point lower than the Fall 2018 projection of 4.5% growth. Over the near term, growth is expected to be driven by British Columbia which is anticipating above average GDP growth for the near term according to the Conference Board of Canada. Strong performance is expected again for the Vancouver accommodation market, leading the country in both ADR and RevPAR values.

## CBRE HOTELS

The World's Leading Hotel Experts.

### Toronto

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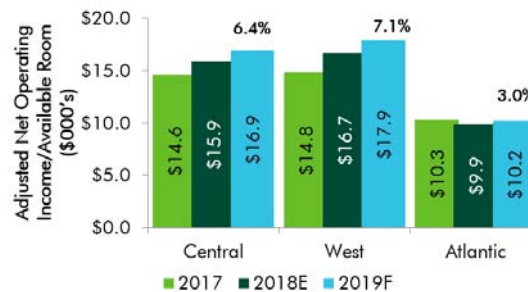
### Vancouver

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

## BOTTOM LINE PERFORMANCE

Due to a decline in accommodation performance in 2018 in Atlantic Canada, ANOI is projected to decrease by 3.3%. The Fall 2018 Outlook projected ANOI growth at 2.9% for Atlantic Canada, however due to a lower ADR and occupancy performance, the ANOI estimate dropped significantly in 2018. ANOI performance in 2019 is projected to grow 3.0%.

The Fall Outlook forecast for Central Canada ANOI was estimated at 8.5% growth in 2018 while revised estimates show growth of 8.4% based on strong top line performance in 2018. With RevPAR growth projections of 4.0% expected for 2019, the bottom line performance for Central Canada is expected to grow 6.4%. This is based on strong performance projections for major markets in the Central Canada region.



2018 ANOI Growth Estimate		2019 ANOI Growth Forecast	
Western	12.8%	Western	7.1%
Central	8.4%	Central	6.4%
Atlantic	-3.3%	Atlantic	3.0%

Western Canada was forecasted to realize ANOI growth of 14.1% in 2018 according to our Fall Outlook. The revised estimates show growth of 12.8% ANOI for 2018 based on the actual 2018 top line results. For 2019, the Fall Outlook projected ANOI growth of 7.1% in Western Canada. The growth projection remains unchanged due to a similar projection in RevPAR growth for 2019. According to the Conference Board of Canada, British Columbia is expected to be a top performing province in terms of GDP growth this year and Alberta is expected to have limited economic growth due to cuts in oil production.

*NOTE: Adjusted Net Operating Income is defined as income after property taxes, insurance, management fees, franchise fees, and capital reserves; but before rent, interest, income taxes, depreciation and amortization*



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