

Canadian December 2009 Lodging Outlook



HVS



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Thank Goodness 2009 Is Over!

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The good news is that Canadian occupancy and average room rates for all hotels were higher than those in the United States in 2009. The Canadian occupancy was just over 56%, slightly higher than the 55% reported in the US, but more importantly our average room rate was \$117.55 relative to \$97.51 in the US. That's a \$20 differential! The Canadian RevPAR was \$65.95, down 11.9%, which compares to \$53.71 in the US, down 16.7%. So 2009 was bad, but it was far worse south of the border.

Of our major cities, Toronto fared the worst. For 2009, the citywide occupancy was 67.8%, down 3.8 points from 2008. The average room rate was \$147.93, down \$20.82 from the prior year. Some hotels reported decreases in average room rate of up to \$50. A decline like that can take years to recover from. Toronto's RevPAR was \$100.30 in 2009, down 17.0% from 2008. This decline is comparable to the US national average.

In the United States, the city that had the largest decline was New York City, where the RevPAR dropped about 26%. Interestingly, New York City also recorded one of the highest occupancy rates in the country at 77%. The decline was in the average room rate, which fell from \$275 in 2008 to \$215 in 2009.

Vancouver did not fare that well in 2009 either. The occupancy fell to 68.3% from 73.5% in 2008. The average room rate was \$156.85, down from \$170.21 in the prior year. The RevPAR dropped 14.4%, from \$125.10 in 2008 to \$107.13 in 2009.

For Montreal, the occupancy was 60.7%, down only 2.1 points, and the average room rate was \$138.96, which reflects a decline of \$12.07 from 2008. The RevPAR dropped 11.0%, from \$94.85 in 2008 to \$84.35 in 2009.

Calgary reported an occupancy level of 65.5%, down six points, and an average rate of \$147.39, down \$7.12. The citywide RevPAR was \$96.54 compared \$110.47 in 2008, which reflects a drop of 12.6%.

For Edmonton, the occupancy was 64.2%, down nine points, and the average rate was \$124.06, which reflects a drop of only \$2.38. Edmonton maintained its average room rate despite the decline in occupancy. The RevPAR nonetheless fell 14.0%, from \$92.55 in 2008 to \$79.54 in 2009.

Ottawa had the smallest decline in RevPAR of all our major cities. The citywide occupancy was 67.2%, down only 3.4 points, and the average rate was \$134.20, down \$1.76. The

RevPAR was \$90.18 compared \$95.99 in 2008, which reflects a drop of 6.1%. Interestingly enough, Washington DC had the lowest decline in RevPAR of all the cities in the US at 8.5%. There is something to be said about government demand!

Other interesting tidbits.... The state with the largest RevPAR decline was Nevada at 29.0%, which isn't surprising with all the discounts being offered in Las Vegas. Only one state had an increase in RevPAR, and that was North Dakota. It is worth pointing out that North Dakota is located just south of Saskatchewan and Manitoba. Saskatchewan, Newfoundland, and the Yukon were the only provinces and territory to experience an increase in RevPAR in 2009 over 2008.

As for what lies ahead, most industry leaders at ALIS (The Americas Lodging Investment Summit) believe that the industry should experience positive growth in the third and fourth quarters of 2010. Let's hope they are right! ▲

| December 2009 | Number of Rooms | Occupancy Rate (%) | | Average Room Rates (in \$CAD) | | RevPAR (in \$CAD) | | Room Supply % chg | Room Demand % chg |
|----------------------------|-----------------|--------------------|-------|-------------------------------|----------|-------------------|----------|-------------------|-------------------|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | | |
| Nova Scotia Area | 1,378 | 32.5% | 35.2% | \$88.33 | \$84.60 | \$28.71 | \$29.78 | 0.9% | -7.0% |
| Halifax, NS | 4,221 | 38.3% | 40.5% | \$108.43 | \$112.34 | \$41.53 | \$45.50 | 1.2% | -4.0% |
| Montreal Downtown | 10,315 | 42.1% | 41.3% | \$123.86 | \$127.52 | \$52.15 | \$52.67 | 1.7% | 3.6% |
| Montreal Area | 2,335 | 41.3% | 41.8% | \$103.13 | \$102.38 | \$42.59 | \$42.79 | -0.3% | -1.5% |
| Quebec City, QC | 4,139 | 41.8% | 44.0% | \$119.10 | \$125.01 | \$49.78 | \$55.00 | 0.0% | -5.0% |
| Quebec Area | 4,498 | 45.5% | 45.2% | \$153.97 | \$152.88 | \$70.06 | \$69.10 | 0.0% | 0.7% |
| Toronto Downtown | 14,038 | 51.1% | 50.3% | \$134.99 | \$143.35 | \$68.98 | \$72.11 | 1.1% | 2.7% |
| Toronto North/East | 6,395 | 42.9% | 42.3% | \$105.65 | \$113.28 | \$45.32 | \$47.92 | 0.0% | 1.5% |
| Toronto Airport/West | 8,643 | 47.4% | 52.3% | \$102.59 | \$110.51 | \$48.63 | \$57.80 | 5.0% | -5.0% |
| Ottawa, ON | 7,433 | 50.1% | 53.5% | \$127.95 | \$130.19 | \$64.10 | \$69.65 | 0.0% | -6.3% |
| Ontario East | 4,956 | 36.5% | 37.0% | \$96.79 | \$98.37 | \$35.33 | \$36.40 | 1.9% | 0.4% |
| Windsor/ Ontario SW | 1,951 | 33.2% | 42.5% | \$100.43 | \$111.06 | \$33.34 | \$47.20 | -2.0% | -23.4% |
| London/ Kitchener | 2,965 | 38.2% | 38.1% | \$94.63 | \$95.93 | \$36.15 | \$36.55 | 0.0% | 0.4% |
| Ontario North/ Thunder Bay | 2,389 | 49.2% | 49.8% | \$89.98 | \$88.81 | \$44.27 | \$44.23 | 1.0% | -0.2% |
| Ontario NC/ Sudbury | 4,823 | 38.6% | 37.9% | \$102.20 | \$100.00 | \$39.45 | \$37.90 | 1.4% | 3.3% |
| Niagara Falls, ON | 9,083 | 35.9% | 37.3% | \$129.22 | \$130.04 | \$46.39 | \$48.50 | 1.8% | -2.0% |
| Ontario Central | 3,772 | 40.5% | 45.6% | \$107.24 | \$109.79 | \$43.43 | \$50.06 | 2.3% | -9.1% |
| Mississauga, ON | 4,595 | 46.6% | 44.9% | \$101.95 | \$106.55 | \$47.51 | \$47.84 | 0.0% | 3.8% |
| Winnipeg, MB | 3,203 | 51.6% | 53.0% | \$105.94 | \$104.81 | \$54.67 | \$55.55 | 0.5% | -2.2% |
| Regina/Saskatoon, SK | 2,454 | 55.4% | 54.3% | \$112.88 | \$111.35 | \$62.54 | \$60.46 | 3.2% | 5.3% |
| Calgary, AB | 8,649 | 48.0% | 53.5% | \$132.91 | \$137.94 | \$63.80 | \$73.80 | 2.1% | -8.4% |
| Edmonton, AB | 9,276 | 48.8% | 55.7% | \$122.58 | \$123.85 | \$59.82 | \$68.98 | 4.0% | -8.9% |
| Alberta North Area | 3,727 | 35.7% | 42.6% | \$139.54 | \$154.77 | \$49.82 | \$65.93 | 3.1% | -13.7% |
| Alberta South Area | 8,373 | 36.8% | 45.1% | \$121.27 | \$125.67 | \$44.63 | \$56.68 | 2.5% | -16.5% |
| Vancouver Downtown | 8,604 | 46.5% | 47.5% | \$130.56 | \$133.08 | \$60.71 | \$63.21 | 1.0% | -1.0% |
| Vancouver/ Burnaby Area | 2,068 | 45.7% | 47.0% | \$104.76 | \$103.12 | \$47.88 | \$48.47 | 4.9% | 1.9% |
| Richmond-Surrey/ East Area | 3,874 | 53.6% | 58.3% | \$114.78 | \$115.12 | \$61.52 | \$67.11 | -0.5% | -8.5% |
| British Columbia Area | 5,578 | 50.4% | 47.5% | \$203.62 | \$234.31 | \$102.62 | \$111.30 | 0.1% | 6.4% |
| Kamloops/ Kelowna Area | 4,799 | 29.8% | 32.4% | \$100.69 | \$99.09 | \$30.01 | \$32.11 | 1.1% | -7.1% |
| Vancouver Island | 4,823 | 39.2% | 43.2% | \$97.72 | \$98.59 | \$38.31 | \$42.59 | 1.4% | -8.0% |
| Provinces | | | | | | | | | |
| Alberta | 33,411 | 41.9% | 48.6% | \$125.91 | \$129.25 | \$52.76 | \$62.82 | 2.7% | -11.4% |
| British Columbia | 31,777 | 39.9% | 42.4% | \$118.94 | \$120.54 | \$47.46 | \$51.11 | 0.9% | -5.1% |
| Manitoba | 4,093 | 47.6% | 48.3% | \$92.25 | \$93.84 | \$43.91 | \$45.32 | 0.4% | -1.0% |
| New Brunswick | 4,739 | 35.3% | 33.6% | \$97.91 | \$99.75 | \$34.56 | \$33.52 | 0.0% | 5.1% |
| Newfoundland | 1,833 | 44.2% | 46.9% | \$107.85 | \$104.61 | \$47.67 | \$49.06 | 0.0% | -5.8% |
| Nova Scotia | 5,599 | 35.9% | 38.3% | \$101.29 | \$103.93 | \$36.36 | \$39.81 | 1.0% | -5.3% |
| Northwest Territories | 204 | INS | INS | INS | INS | INS | INS | INS | INS |
| Ontario | 78,190 | 41.7% | 42.9% | \$108.28 | \$111.63 | \$45.15 | \$47.89 | 1.4% | -1.4% |
| Prince Edward Island | 949 | 28.3% | 24.6% | \$55.43 | \$60.31 | \$15.69 | \$14.84 | 0.0% | 15.4% |
| Quebec | 27,087 | 41.0% | 42.9% | \$115.08 | \$116.08 | \$47.18 | \$49.80 | 0.7% | -3.6% |
| Saskatchewan | 6,670 | 51.3% | 54.4% | \$106.86 | \$99.96 | \$54.82 | \$54.38 | 2.2% | -3.5% |
| Yukon Territory | 416 | 40.8% | 34.2% | \$95.11 | \$96.21 | \$38.80 | \$32.90 | 1.4% | 21.0% |
| Canada | 194,968 | 41.0% | 42.8% | \$112.92 | \$115.18 | \$46.30 | \$49.30 | 1.3% | -3.0% |

| December 2009 Year-To-Date | Number of Rooms | Occupancy Rate (%) | | Average Room Rates (in \$CAD) | | RevPAR (in \$CAD) | | Room Supply % chg | Room Demand % chg |
|-------------------------------|--------------------|-----------------------|-------|----------------------------------|----------|----------------------|----------|-------------------------|-------------------------|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | | |
| Nova Scotia Area | 1,378 | 49.1% | 53.2% | \$99.03 | \$96.41 | \$48.62 | \$51.29 | 1.3% | -6.5% |
| Halifax, NS | 4,221 | 63.1% | 66.6% | \$124.00 | \$130.13 | \$78.24 | \$86.67 | 2.7% | -2.7% |
| Montreal Downtown | 10,315 | 60.7% | 62.8% | \$138.96 | \$151.03 | \$84.35 | \$94.85 | 1.4% | -2.0% |
| Montreal Area | 2,335 | 51.1% | 54.9% | \$104.98 | \$105.45 | \$53.64 | \$57.89 | 0.1% | -6.8% |
| Quebec City, QC | 4,139 | 60.8% | 69.2% | \$138.45 | \$158.74 | \$84.18 | \$109.85 | 0.0% | -12.2% |
| Quebec Area | 4,498 | 55.3% | 55.9% | \$133.29 | \$136.73 | \$73.71 | \$76.43 | -0.1% | -1.1% |
| Toronto Downtown | 14,038 | 67.8% | 71.6% | \$147.93 | \$168.75 | \$100.30 | \$120.83 | 1.0% | -4.4% |
| Toronto North/East | 6,395 | 56.8% | 61.8% | \$110.19 | \$119.38 | \$62.59 | \$73.78 | 1.0% | -7.2% |
| Toronto Airport/West | 8,643 | 57.5% | 65.6% | \$108.72 | \$116.82 | \$62.51 | \$76.63 | 3.9% | -9.0% |
| Ottawa, ON | 7,433 | 67.2% | 70.6% | \$134.20 | \$135.96 | \$90.18 | \$95.99 | 1.8% | -3.2% |
| Ontario East | 4,956 | 52.7% | 55.8% | \$105.60 | \$106.87 | \$55.65 | \$59.63 | 1.1% | -4.6% |
| Windsor/ Ontario SW | 1,951 | 45.3% | 52.7% | \$108.20 | \$111.23 | \$49.01 | \$58.62 | 3.4% | -11.1% |
| London/ Kitchener | 2,965 | 52.6% | 55.5% | \$100.17 | \$104.79 | \$52.69 | \$58.16 | 0.0% | -5.2% |
| Ontario North/ Thunder Bay | 2,389 | 64.4% | 66.0% | \$94.72 | \$94.36 | \$61.00 | \$62.28 | 0.5% | -1.9% |
| Ontario NC/ Sudbury | 4,823 | 54.2% | 57.1% | \$108.66 | \$108.34 | \$58.89 | \$61.86 | 3.3% | -2.0% |
| Niagara Falls, ON | 9,083 | 53.5% | 56.3% | \$133.85 | \$138.08 | \$71.61 | \$77.74 | -0.3% | -5.3% |
| Ontario Central | 3,772 | 51.7% | 55.9% | \$108.76 | \$111.87 | \$56.23 | \$62.54 | 2.4% | -5.3% |
| Mississauga, ON | 4,595 | 56.2% | 61.3% | \$104.92 | \$110.64 | \$58.97 | \$67.82 | -1.3% | -9.4% |
| Winnipeg, MB | 3,203 | 65.0% | 69.2% | \$109.09 | \$109.51 | \$70.91 | \$75.78 | 0.2% | -6.0% |
| Regina/Saskatoon, SK | 2,454 | 67.7% | 68.8% | \$116.46 | \$111.16 | \$78.84 | \$76.48 | 2.9% | 1.3% |
| Calgary, AB | 8,649 | 65.5% | 71.5% | \$147.39 | \$154.51 | \$96.54 | \$110.47 | 0.5% | -7.9% |
| Edmonton, AB | 9,276 | 64.2% | 73.2% | \$124.06 | \$126.44 | \$79.65 | \$92.55 | 3.1% | -9.5% |
| Alberta North Area | 3,727 | 46.7% | 61.7% | \$147.11 | \$159.40 | \$68.70 | \$98.35 | 4.8% | -20.6% |
| Alberta South Area | 8,373 | 50.7% | 59.1% | \$124.15 | \$129.23 | \$62.94 | \$76.37 | 2.5% | -12.1% |
| Vancouver Downtown | 8,604 | 68.3% | 73.5% | \$156.85 | \$170.21 | \$107.13 | \$125.10 | 1.7% | -5.4% |
| Vancouver/ Burnaby Area | 2,068 | 61.3% | 69.7% | \$116.32 | \$120.38 | \$71.30 | \$83.90 | 3.6% | -9.0% |
| Richmond-Surrey/ East Area | 3,874 | 64.0% | 70.9% | \$117.96 | \$124.02 | \$75.49 | \$87.93 | 0.1% | -9.7% |
| British Columbia Area | 5,578 | 54.6% | 57.7% | \$151.62 | \$165.85 | \$82.78 | \$95.70 | 0.7% | -4.7% |
| Kamloops/ Kelowna Area | 4,799 | 49.9% | 55.5% | \$111.90 | \$112.86 | \$55.84 | \$62.64 | 0.7% | -9.6% |
| Vancouver Island | 4,823 | 59.9% | 64.7% | \$120.60 | \$125.27 | \$72.24 | \$81.05 | 1.7% | -5.9% |
| Provinces | | | | | | | | | |
| Alberta | 33,411 | 57.0% | 65.7% | \$130.32 | \$134.16 | \$74.28 | \$88.14 | 2.6% | -10.9% |
| British Columbia | 31,777 | 56.2% | 61.7% | \$121.88 | \$127.40 | \$68.50 | \$78.61 | 1.1% | -8.0% |
| Manitoba | 4,093 | 60.7% | 64.2% | \$99.50 | \$97.61 | \$60.40 | \$62.67 | 0.2% | -5.2% |
| New Brunswick | 4,739 | 52.9% | 54.0% | \$108.54 | \$109.64 | \$57.42 | \$59.21 | 1.4% | -0.8% |
| Newfoundland | 1,833 | 71.9% | 69.2% | \$116.45 | \$116.40 | \$83.73 | \$80.55 | 0.3% | 4.2% |
| Nova Scotia | 5,599 | 56.8% | 59.4% | \$114.62 | \$119.24 | \$65.10 | \$70.83 | 1.9% | -2.7% |
| Northwest Territories | 204 | 55.3% | 57.9% | \$146.32 | \$146.00 | \$80.91 | \$84.53 | 0.0% | -4.6% |
| Ontario | 78,190 | 55.5% | 60.0% | \$114.89 | \$120.84 | \$63.76 | \$72.50 | 1.4% | -6.2% |
| Prince Edward Island | 949 | 46.9% | 46.9% | \$99.15 | \$99.68 | \$46.50 | \$46.75 | -0.2% | -0.1% |
| Quebec | 27,087 | 55.8% | 60.7% | \$121.09 | \$129.32 | \$67.57 | \$78.50 | 1.0% | -7.2% |
| Saskatchewan | 6,670 | 66.1% | 68.2% | \$106.82 | \$98.74 | \$70.61 | \$67.34 | 1.8% | -1.3% |
| Yukon Territory | 416 | 55.5% | 53.9% | \$102.56 | \$104.11 | \$56.92 | \$56.12 | 0.4% | 3.5% |
| Canada | 194,968 | 56.1% | 60.6% | \$117.55 | \$121.81 | \$65.95 | \$73.82 | 1.4% | -6.2% |

DEFINITIONS

| | |
|---|--|
| Occupancy: | Rooms sold divided by rooms available. |
| Room Revenue: | Total room revenue generated from the sale or rental of rooms. |
| Average Daily Rate (ADR): | Room revenue divided by rooms sold. |
| Room Revenue Per Available Room (RevPAR): | Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR). |

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