

## APRIL-JUNE 2010

### Highlights

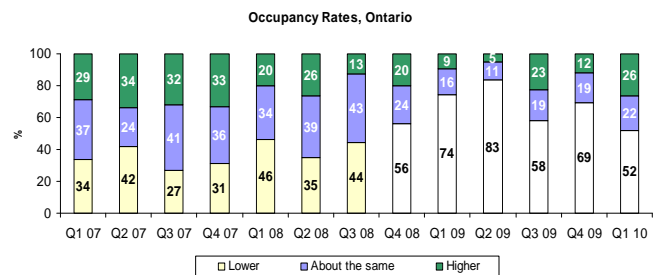
- 52% of Ontario hoteliers indicated that occupancy rates were lower in Q1 2010 relative to Q1 2009, 26% reported rates were higher and 22% stated rates were about the same as last year. Canadian hoteliers reported fairly similar results.
- Regional Economic Conditions continued to be the primary business impediment among both Ontarian and Canadian hoteliers with 51% of Ontarian and 44% of Canadian operators citing this as a business obstacle. Excess Room Supply is the second leading barrier with 42% of Ontario and 35% of Canadian hotel operators reporting this as an issue. Exchange Rate Fluctuations is also a key impediment with 38% of Ontario hoteliers and 30% of Canadian hoteliers citing it as a concern.
- For the second quarter of 2010, Ontario hotel operators are not optimistic about Occupancy Rates, Room Nights, Average Daily Rate (ADR), Business Travellers and Hours Worked. Only 21-33% of Ontario hoteliers expect each of these factors to grow in Q2 2010 compared to the previous year. Although there is room for improvement, this outlook has improved considerably compared to both the previous year and previous quarter.

**NOTE:** The Business Conditions Survey is a quarterly study among Canadian traveller accommodation providers. It is conducted by Statistics Canada and funded by the Ontario Ministry of Tourism and Culture, the Canadian Tourism Commission and Statistics Canada.

**This is the last wave of this study.**

### Recent Business Conditions: Q1 2010

52% of Ontario hoteliers reported occupancy rates were lower in the first quarter of 2010 than in Q1 2009; 22% indicated occupancy rates were about the same and 26% stated they were higher.



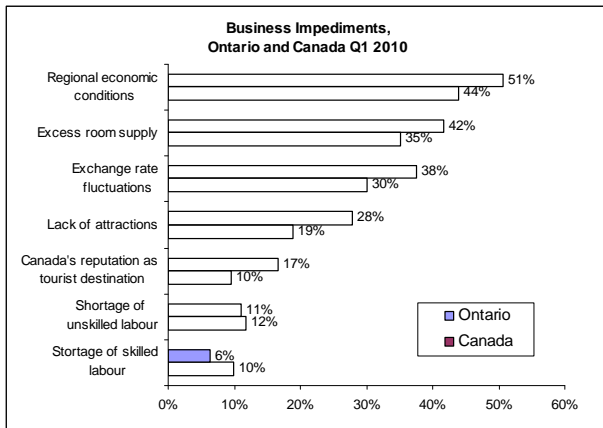
Hoteliers across the country reported somewhat similar results, with 47% of Canadian hoteliers indicating that occupancy rates were lower in Q1 2010 compared to Q1 2009. 26% stated occupancy rates were about the same and 27% reported they were higher.

### Business Impediments

In Q1 2010, Regional Economic Conditions continued to be the number one business impediment facing Ontario and Canadian hotel operators with 51% of Ontarian and 44% of Canadian hoteliers citing this as a business obstacle. This compares to 60% in Ontario and 54% in Canada in Q1 2009.

Excess room supply continues to be the second largest business impediment with 42% of Ontario and 35% of Canadian hotel operators citing it as an issue.

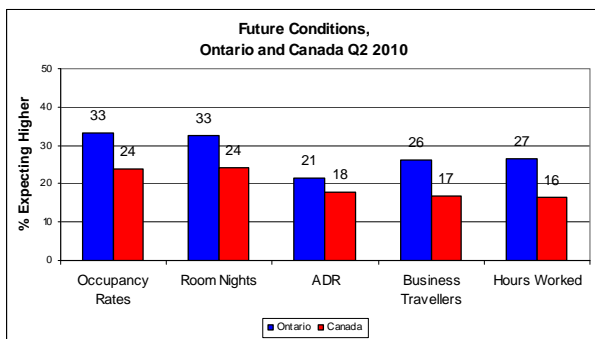
Prior to Q4 2008, Exchange Rate Fluctuation has been the primary barrier for Ontario hoteliers since Q2 2007. Although Exchange Rate is no longer the number one or number two hindrance, it is still a key impediment with 38% of Ontario hoteliers reporting it as a concern. 30% of Canadian hoteliers state Exchange Rates Fluctuations as an obstacle.



## Future Business Conditions: Q2 2010

Looking ahead to the second quarter of 2010, both Ontarian and Canadian hotel operators are not very optimistic about business performance relative to the previous year, however the outlook is less pessimistic than the previous 5 quarters.

About 1/3 of Ontario hoteliers expect higher Occupancy Rates, and Room Nights, while about 27% of operators expect Business Travellers and Hours worked to increase in Q2 2010 compared to Q2 2009. Ontario hoteliers are least confident about growing ADR, however Ontario hoteliers are more hopeful than Canadian operators.



### Occupancy Rates

- 33% of Ontario hoteliers are expecting occupancy rates to decrease in Q2 2010 compared to Q2 2009, while 34% expect them to be similar, and 33% expect an increase. This compares to 79% expecting lower occupancy rates in Q2 2009 and 57% in Q1 2010.

### Room Nights

- 32% (compared to 56% last quarter) are expecting the number of room nights to decline in Q2 2010, while 35% are expecting them to remain unchanged and 33% are expecting them to increase. This outlook is more favourable than Q2 2009, when 81% of Ontario hoteliers were expecting less room nights, 18% were expecting no change and only 1% were expecting more.

### Average Daily Rate

- Expectations around ADR are lower, with 21% of Ontario hoteliers expecting to see higher rates in the second quarter of 2010 and 32% are expecting rates to be lower. In comparison to the same quarter of last year, 5% of hoteliers were expecting rates to be higher and 69% were expecting them to be lower.

### Business Travellers

- 40% of Ontario hoteliers are expecting to see fewer business travellers in Q2 2010 than in the same quarter of the previous year. 26% expect to see more business travellers during the coming quarter, while 34% expect the number to be about the same.

### Hours Worked

- 38% of Ontario hoteliers expect hours worked to decrease in the second quarter of 2010, while 36% expect hours worked to remain the same and 27% expect them to increase.

