

GREATER TORONTO HOTEL ASSOCIATION

CBRE HOTELS ACCOMMODATION INDUSTRY OUTLOOK

2017/18

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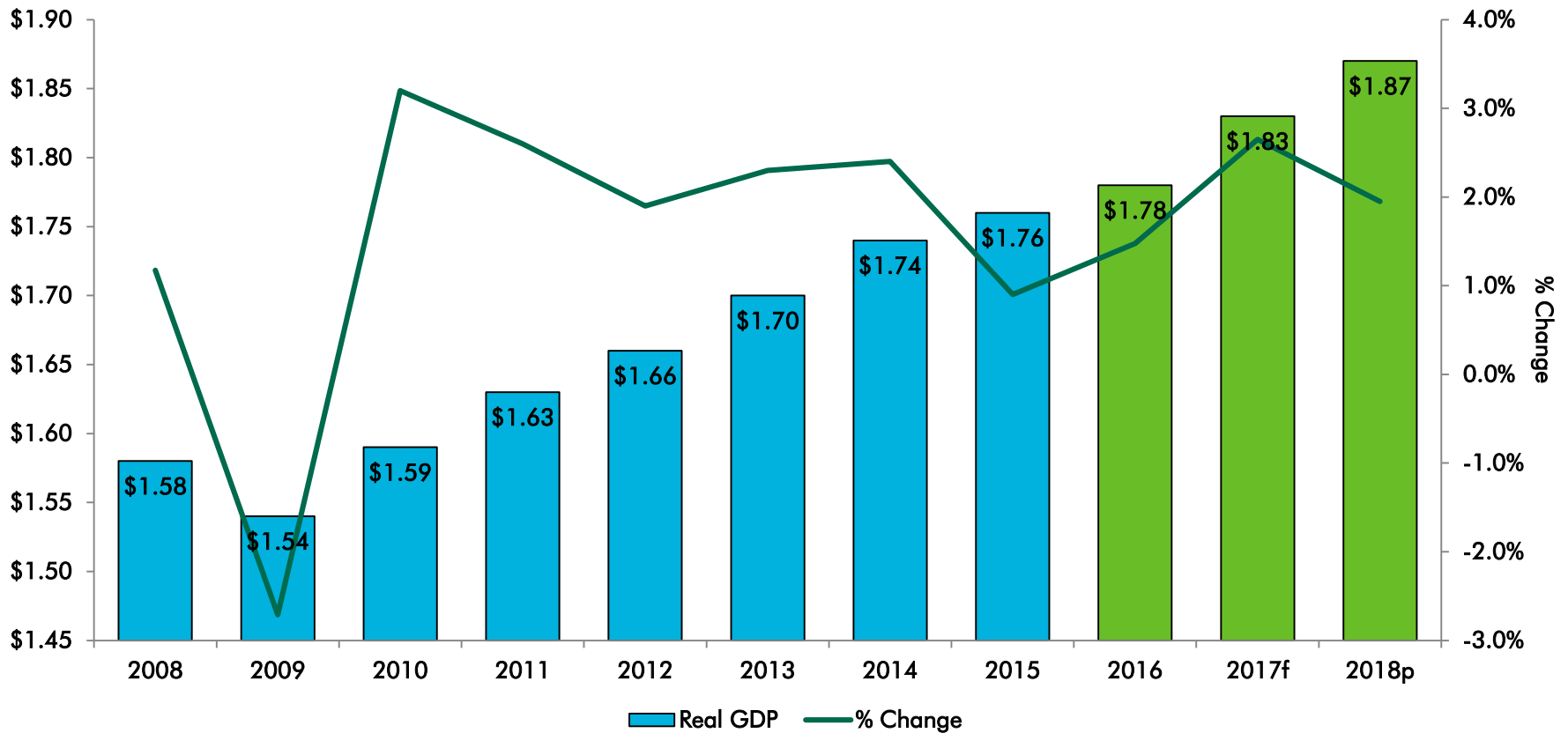
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ECONOMIC AND TRAVEL OUTLOOKS

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NATIONAL ECONOMIC OUTLOOK – 2017/18



Source: Statistics Canada, Conference Board of Canada, Canadian Outlook Summer 2017, Scotiabank Group – Global Forecast Update August 2017; CIBC World Markets – Monthly FX Outlook, 2017; RBC – Economic and Financial Market Outlook – 2017

Source: CBRE Hotels

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NATIONAL TRAVEL OUTLOOK 2017/18

Overnight Travel	2016 Estimate	2017F	2018P
Business travel domestic	1.3%	2.3%	2.4%
Pleasure travel domestic	2.1%	3.4%	2.6%
Total domestic travel	1.9%	3.2%	2.4%
U.S. Travel	9.4%	5.3%	3.1%
Overseas travel	13.6%	8.5%	6.1%
Total Overnight Travel	3.7%	3.8%	2.8%
National accommodation demand growth	1.5%*	2.9%	2.5%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Spring 2017

*Actual results

Source: CBRE Hotels

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NATIONAL MARKET & FINANCIAL OUTLOOKS

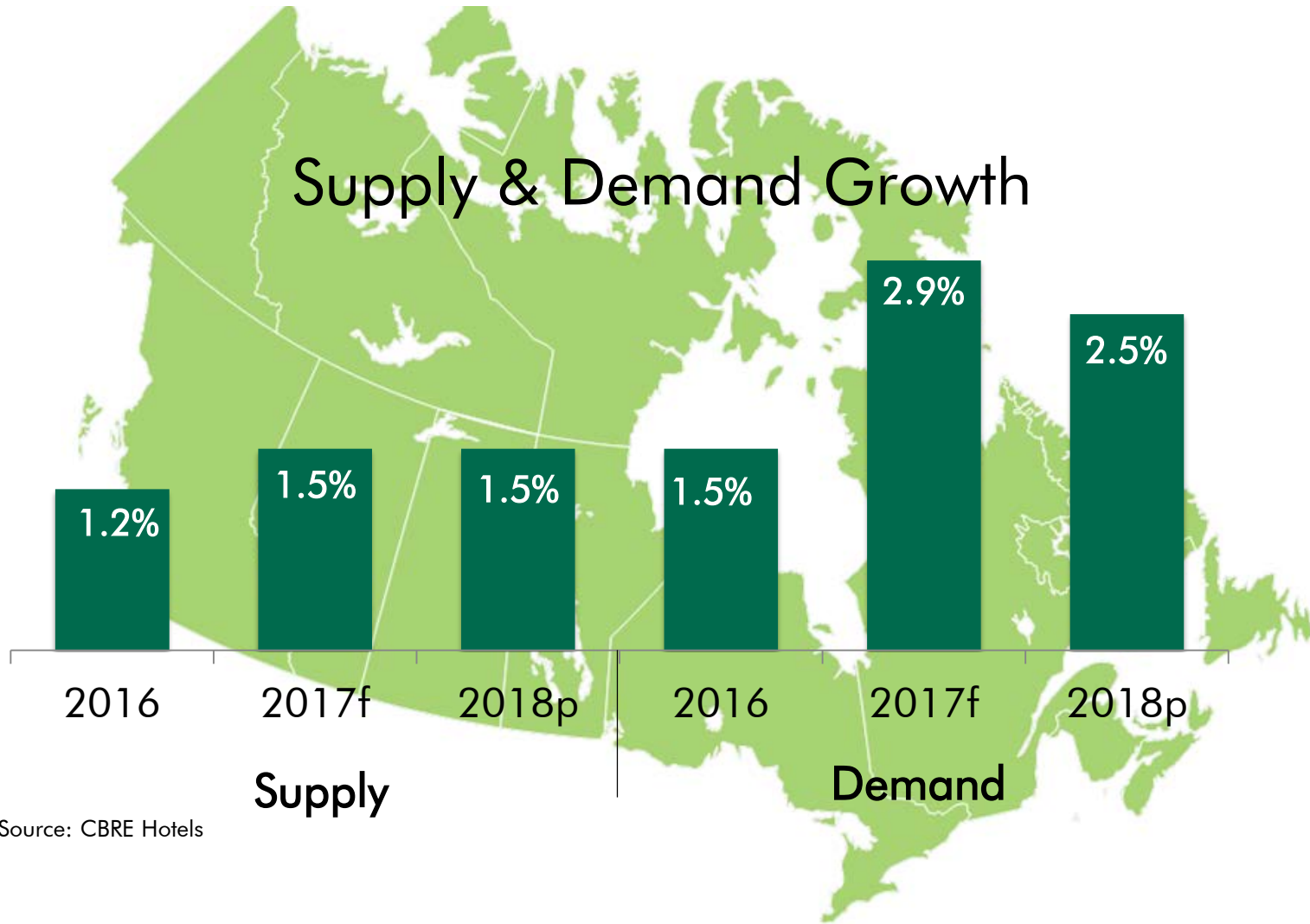
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NATIONAL SUPPLY & DEMAND OUTLOOK



Source: CBRE Hotels

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NATIONAL TOP LINE OUTLOOK

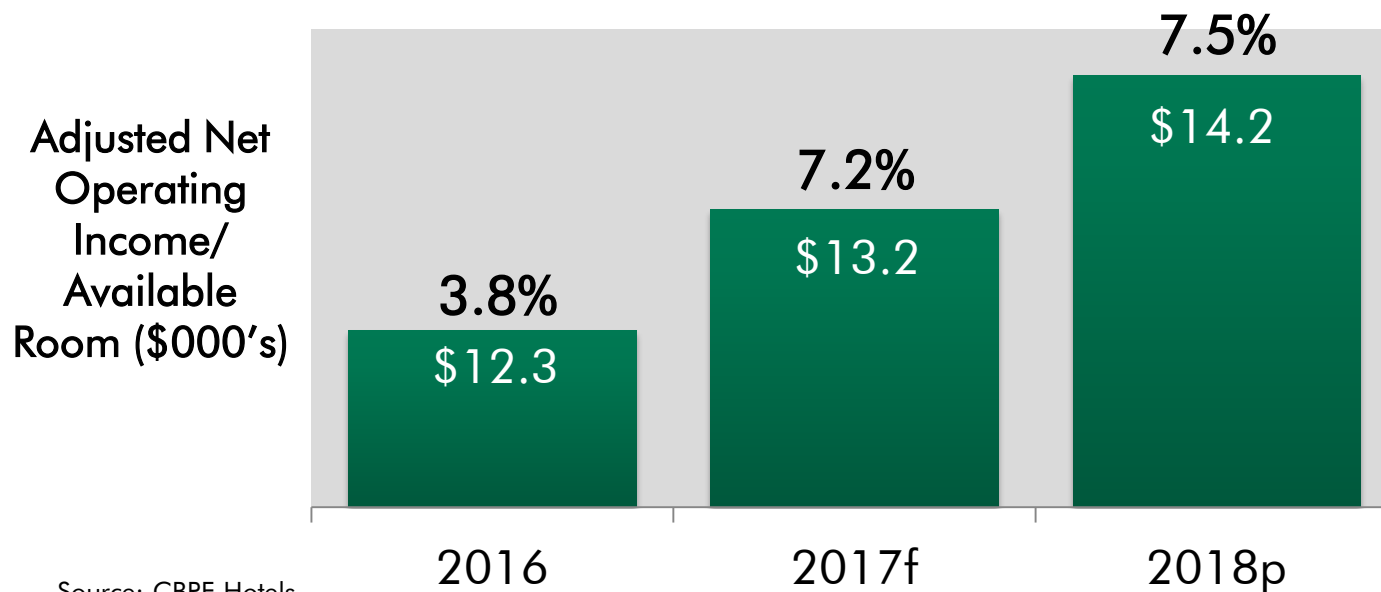
	2015	2016	2017F	2018P
Occupancy	64%	64%	65%	65%
ADR	\$144	\$149	\$153	\$158
RevPAR	\$91	\$95	\$99	\$103

Source: CBRE Hotels

NATIONAL ADR, REVPAR & BOTTOM LINE OUTLOOK

ADR Growth	
2016 Actual	3.3%
2017 Forecast	3.0%
2018 Projection	3.4%

RevPAR Growth	
2016 Actual	3.6%
2017 Forecast	4.4%
2018 Projection	4.4%



Source: CBRE Hotels

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ONTARIO MARKET & FINANCIAL OUTLOOKS

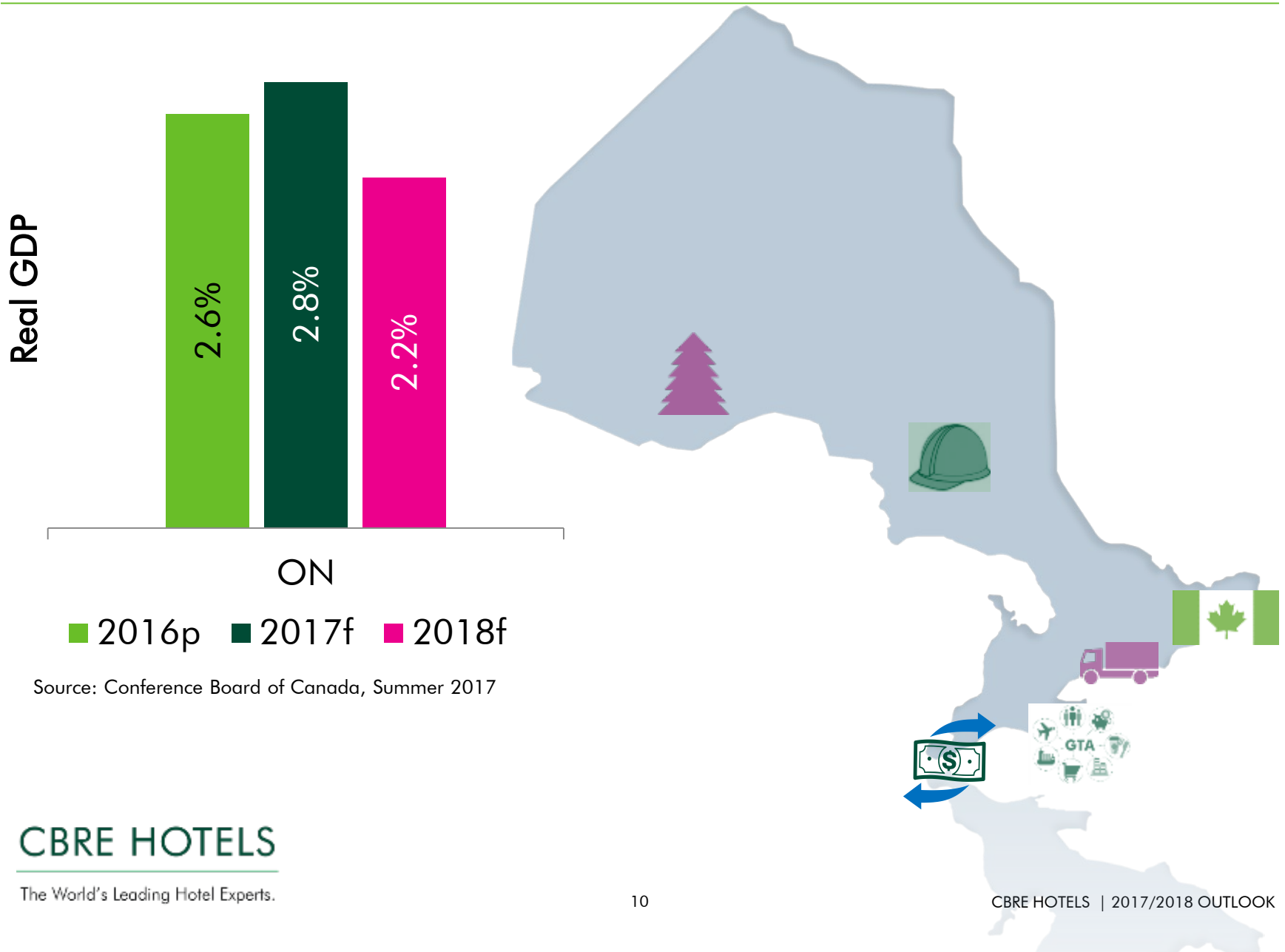
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ONTARIO – GDP GROWTH



PROVINCIAL TRAVEL OUTLOOK 2016 - 2018

Overnight Travel	2016 Estimate	2017 Forecast	2018 Forecast
Business travel domestic	2.1%	2.4%	2.3%
Pleasure travel domestic	2.6%	3.4%	2.9%
Total domestic travel	2.5%	3.3%	2.7%
U.S. Travel	9.6%	5.2%	3.1%
Overseas travel	14.6%	8.1%	6.3%
Total Overnight Travel	3.9%	3.8%	2.9%
Provincial accommodation demand growth	4.3%*	2.5%	2.5%

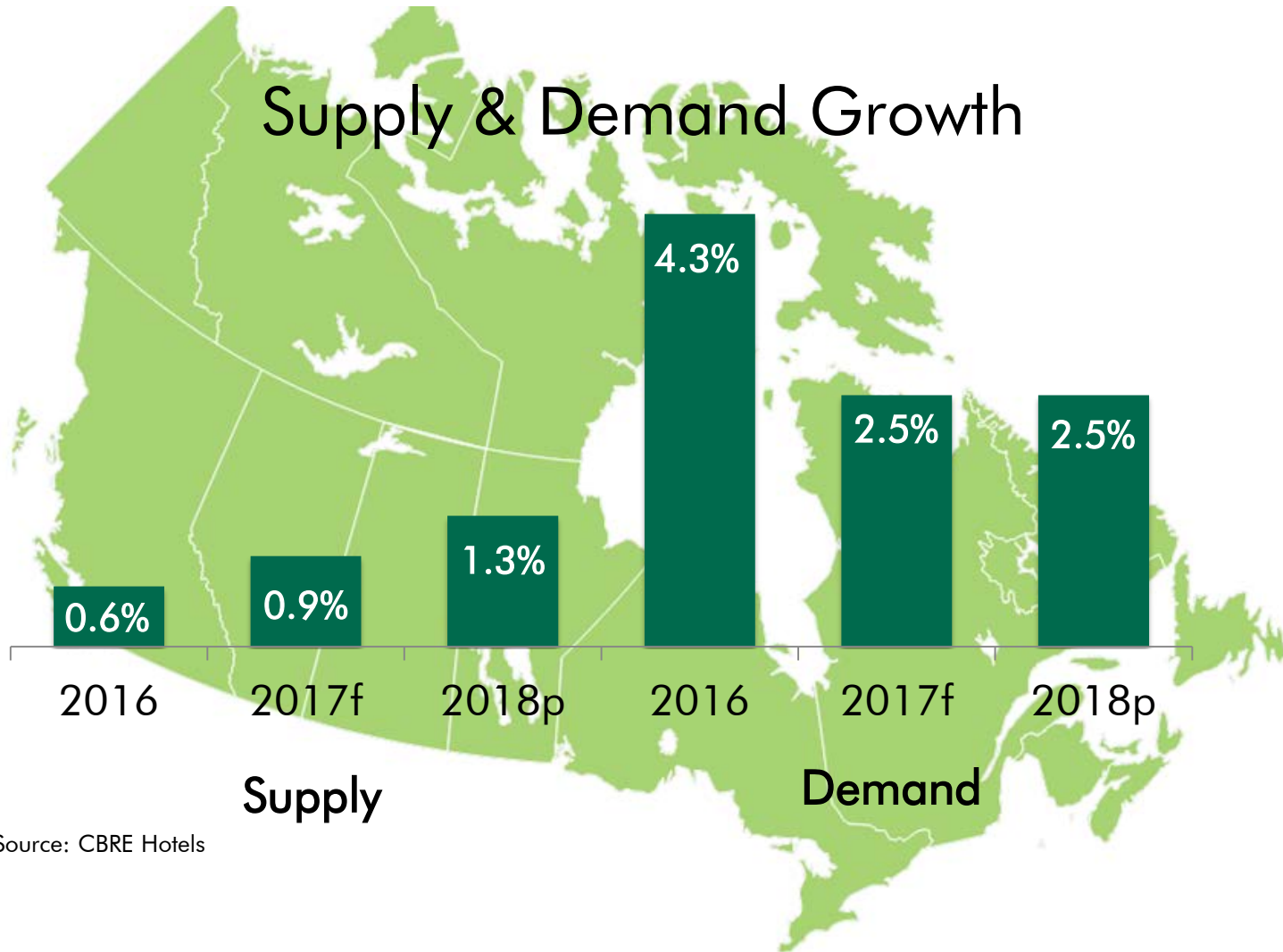
Source: Canadian Tourism Research Institute, Conference Board of Canada, Spring 2017

Source: CBRE Hotels

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ONTARIO SUPPLY & DEMAND OUTLOOK



Source: CBRE Hotels

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ONTARIO TOP LINE OUTLOOK

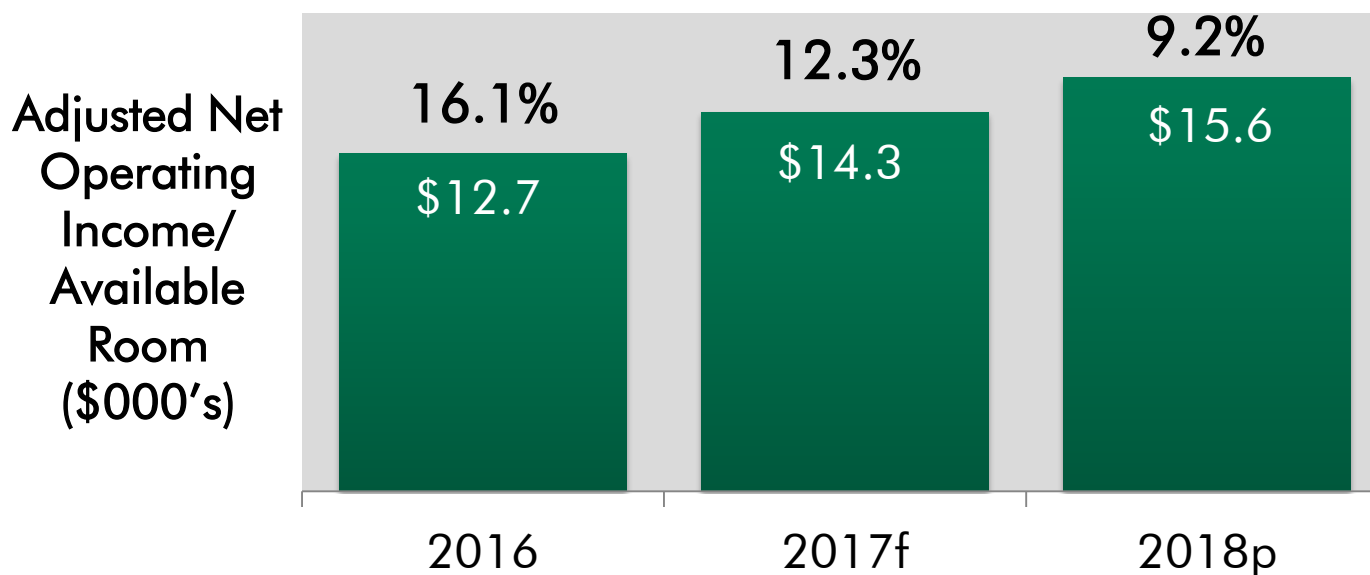
	2015	2016	2017F	2018P
Occupancy	65%	68%	69%	70%
ADR	\$139	\$146	\$153	\$159
RevPAR	\$90	\$99	\$105	\$110

Source: CBRE Hotels

ONTARIO ADR, REVPAR & BOTTOM LINE OUTLOOK

ADR Growth	
2016 Actual	5.4%
2017 Forecast	4.5%
2018 Projection	4.0%

RevPAR Growth	
2016 Actual	9.2%
2017 Forecast	6.2%
2018 Projection	5.2%



ONTARIO MAJOR MARKET OUTLOOKS

	2015	2016	2017F	2018P
Toronto	71%	74%	75%	76%
	\$149	\$160	\$171	\$181
RevPAR	\$106	\$119	\$129	\$138
Niagara Falls	64%	67%	69%	69%
	\$157	\$162	\$166	\$170
RevPAR	\$101	\$108	\$115	\$118
Ottawa	72%	72%	73%	71%
	\$151	\$157	\$168	\$174
RevPAR	\$109	\$114	\$122	\$124
Ontario	65%	68%	69%	70%
	\$139	\$146	\$153	\$159
RevPAR	\$90	\$99	\$105	\$110

Source: CBRE Hotels

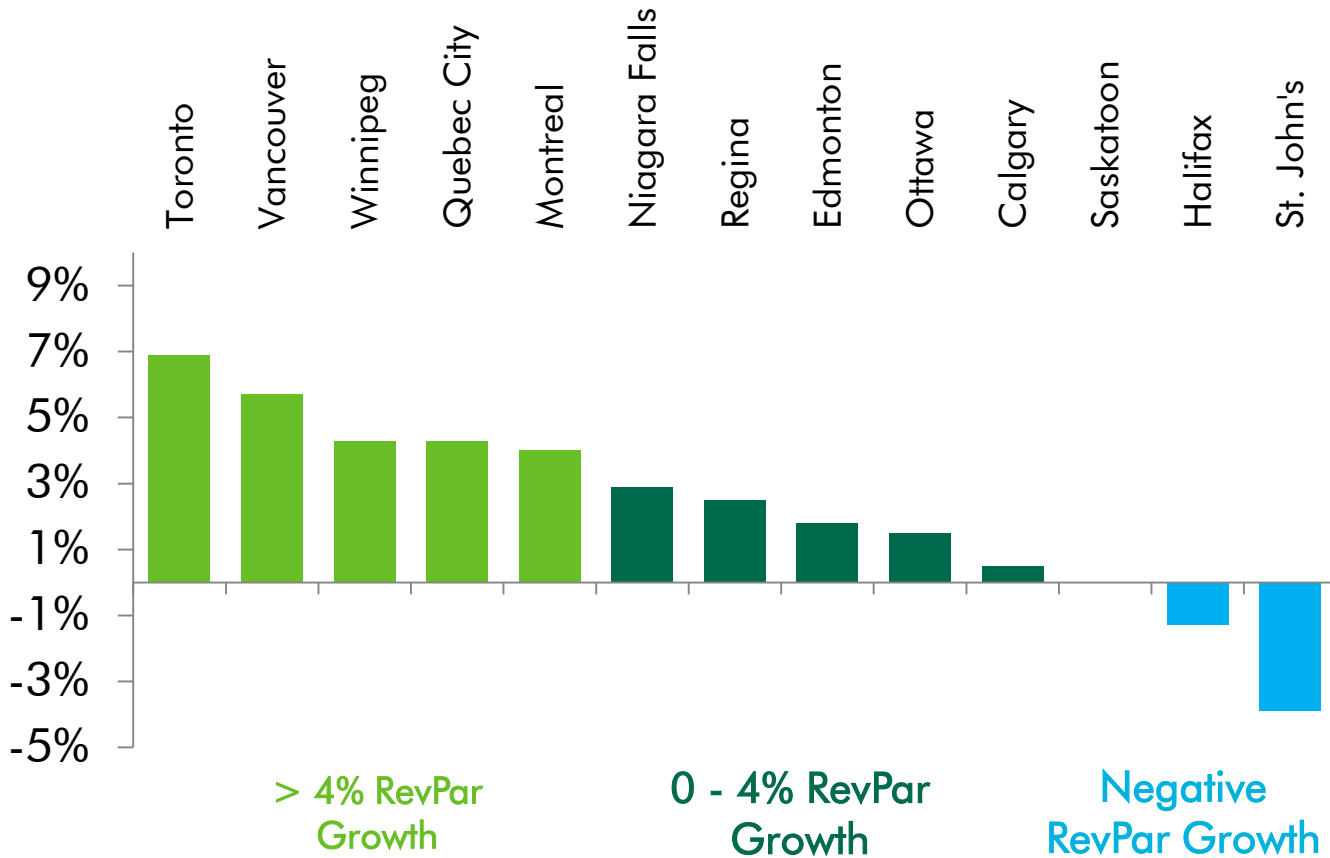
MAJOR MARKET OUTLOOKS

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MAJOR MARKET OUTLOOKS REVPAR PROJECTION - 2017



2017 RevPAR Ranking	
Vancouver	\$155
Toronto	\$138
Montreal	\$137
Ottawa	\$124
Niagara Falls	\$118
Quebec City	\$117
Halifax	\$98
St. John's	\$90
Winnipeg	\$90
Calgary	\$82
Saskatoon	\$74
Edmonton	\$72
Regina	\$68

*"Major Markets" refer to Greater Metro Areas
Source: CBRE Hotels

ECONOMIC AND TRAVEL OUTLOOKS FOR THE GTA

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GTA ECONOMIC INDICATORS

	2016 Actual	2017 Forecast	2018 Forecast
Job Growth	38,300	43,900	76,200
Unemployment Rate	7.0%	6.7%	6.5%
Personal Income Per Capita Growth	1.7%	2.4%	3.2%
Housing Starts	39,027	40,790	39,270
GDP Growth	3.7%	2.7%	2.5%

Source: Conference Board of Canada, Metropolitan Outlook, Spring 2017/Summer 2017

Source: CBRE Hotels

GTA TRAVEL INDICATORS

Overnight Travel	2016	2017 Estimate	2018 Forecast
Business travel domestic	3.2%	3.0%	2.5%
Pleasure travel domestic	2.7%	3.4%	2.8%
Total domestic travel	2.6%	3.1%	2.7%
U.S. Travel	11.4%	5.7%	3.5%
Overseas travel	14.3%	8.9%	7.2%
Total Overnight Travel	5.7%	4.5%	3.6%
GTA accommodation demand growth	5.4%	2.4%	1.2%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Spring 2017

Source: CBRE Hotels

MAJOR CONVENTIONS 2018*

Major Conventions	Total Occupied Room Nights
Rotary International (June)	38,000
Palo Alto Networks (August)	16,186
International Assoc. for the Study of Lung Cancer (September)	13,650
Pediatric Academic Societies (May)	12,500
NU Skin – Daily Use and Health Care Products (May)	12,500
International Sociological Association (July)	11,430
The College of Family Physicians of Canada (Nov)	10,290

*This list identifies only the conventions of over 10,000 occupied room nights. The complete list of events can be found on the Tourism Toronto website

Source: Tourism Toronto, September 2017

- A total of 201,000 ORN on the books for 2018 vs. 215,000 in 2017
- In 2018 there are 22 events on the books; a record number of events in a single year
- In 2018 there are 4 events in Q1 (1 in Q1 2017) and 4 events in Q4 (2 in Q4 2017); a good distribution of events in what are typically low periods

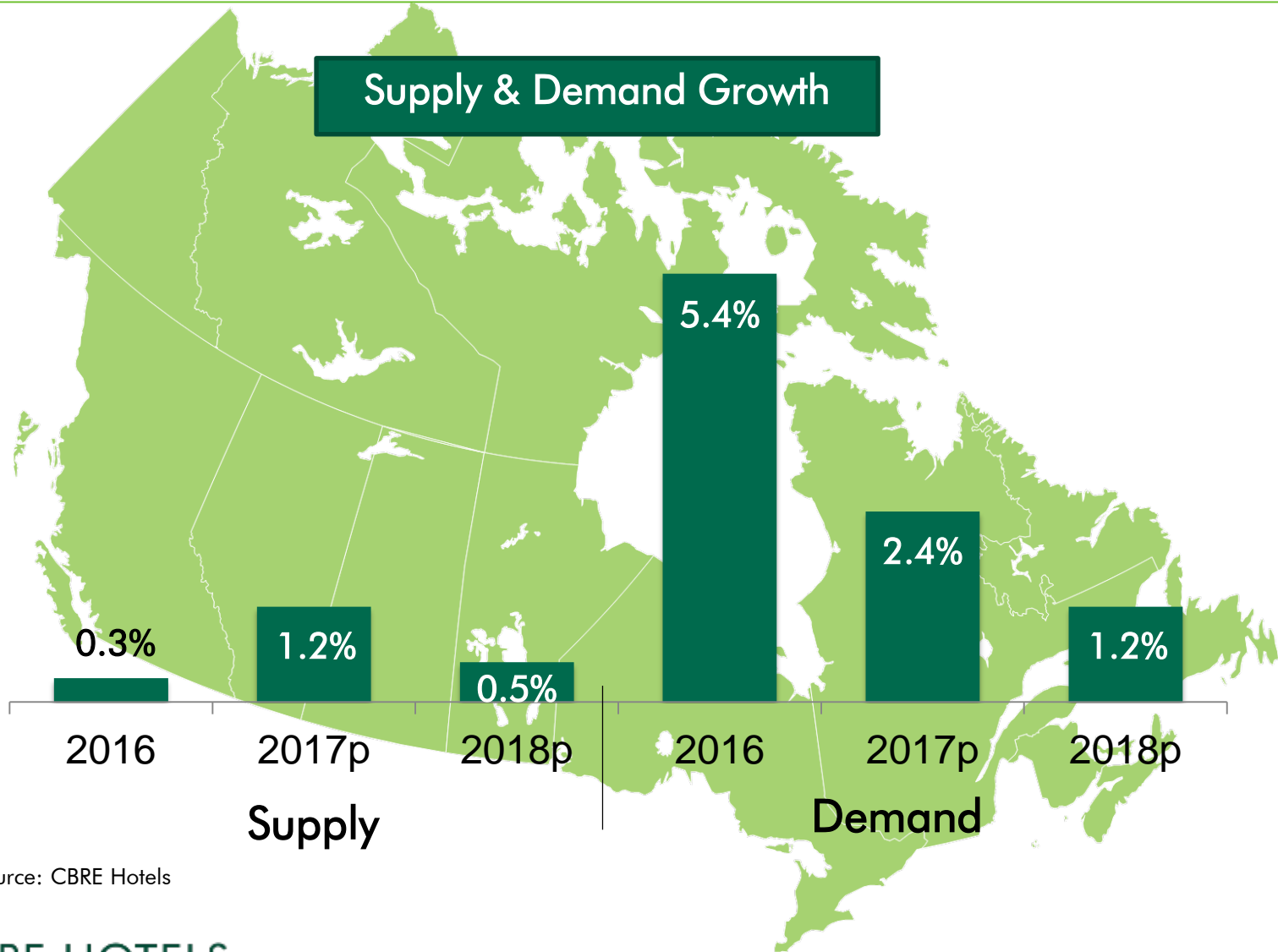
GTA OVERALL & SUB-MARKETS MARKET & FINANCIAL OUTLOOKS

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GTA ACCOMMODATION SUPPLY & DEMAND



Source: CBRE Hotels

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MARKET OUTLOOKS – GTA OVERALL

	2015	2016	2017F	2018P
<u>Total GTA</u>				
Rooms	44,176	44,312	44,847	45,069
Occupancy	71%	74%	75%	76%
ADR	\$149	\$160	\$171	\$181
RevPAR	\$106	\$119	\$129	\$138
<u>% Change</u>				
Supply	1.9%	0.3%	1.2%	0.5%
Demand	2.7%	5.4%	2.4%	1.2%
ADR	7.8%	7.2%	6.7%	6.1%
RevPAR	8.5%	12.6%	8.0%	6.9%

Source: CBRE Hotels

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MARKET OUTLOOKS – DOWNTOWN TORONTO

	2015	2016	2017F	2018P
<u>Downtown</u>				
Rooms	17,238	17,087	17,244	17,319
Occupancy	73%	77%	76%	76%
ADR	\$197	\$218	\$235	\$254
RevPAR	\$143	\$167	\$179	\$194
<u>% Change</u>				
Supply	2.5%	-0.9%	0.9%	0.4%
Demand	(0.1%)	4.3%	0.5%	0.5%
ADR	11.3%	10.6%	8.0%	8.0%
RevPAR	8.5%	16.3%	7.6%	8.1%

Source: CBRE Hotels

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MARKET OUTLOOKS – GTA AIRPORT

	2015	2016	2017F	2018P
<u>Airport</u>				
Rooms	8,121	8,121	8,121	8,193
Occupancy	76%	77%	78%	78%
ADR	\$119	\$127	\$138	\$147
RevPAR	\$90	\$98	\$108	\$115
<u>% Change</u>				
Supply	0.0%	0.0%	0.0%	0.9%
Demand	3.6%	1.9%	2.0%	0.5%
ADR	6.3%	6.5%	9.0%	6.5%
RevPAR	10.1%	8.4%	11.2%	6.1%

Source: CBRE Hotels

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MARKET OUTLOOKS – GTA WEST

	2015	2016P	2017F	2018P
<u>West</u>				
Rooms	8,361	8,380	8,524	8,863
Occupancy	69%	73%	75%	74%
ADR	\$115	\$118	\$124	\$129
RevPAR	\$79	\$86	\$93	\$96
<u>% Change</u>				
Supply	(0.3%)	0.2%	1.7%	4.0%
Demand	2.2%	6.2%	5.0%	2.5%
ADR	6.1%	2.4%	5.0%	4.0%
RevPAR	8.8%	8.5%	8.4%	2.5%

Source: CBRE Hotels

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MARKET OUTLOOKS – GTA EAST/NORTH

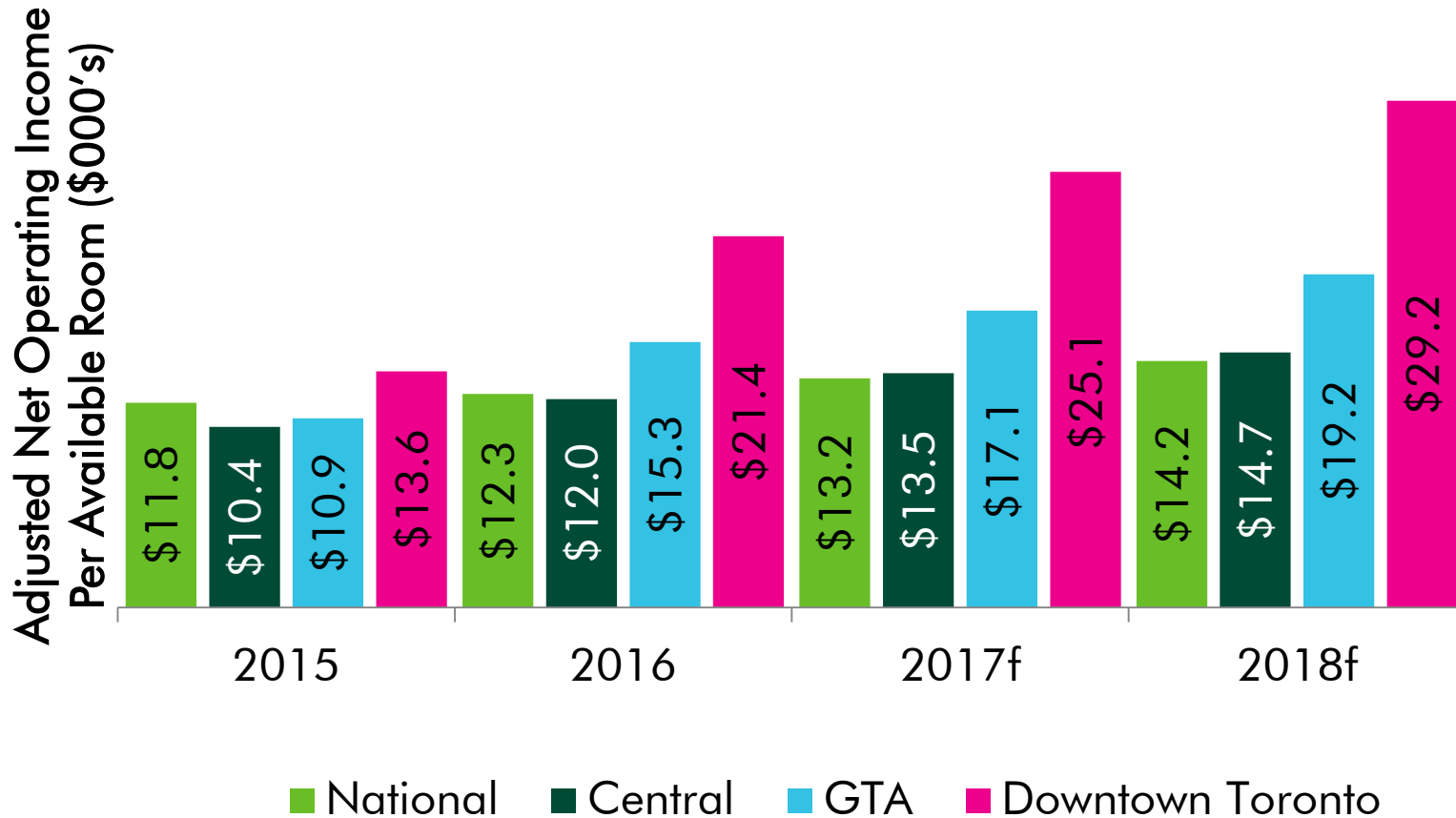
	2015	2016P	2017F	2018P
<u>East/North</u>				
Rooms	10,276	10,544	10,617	10,666
Occupancy	67%	71%	73%	74%
ADR	\$119	\$123	\$129	\$133
RevPAR	\$79	\$87	\$94	\$98
<u>% Change</u>				
Supply	4.5%	2.6%	0.7%	0.5%
Demand	7.7%	8.8%	4.0%	2.0%
ADR	3.0%	3.1%	5.0%	3.0%
RevPAR	6.1%	9.2%	8.4%	4.6%

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FINANCIAL OUTLOOK – GTA



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.

Source: CBRE Hotels



HOTEL

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