

Welcome Members & Guests

Hotel Meeting & Event COVID-19 Impact Analysis

July 14th, 2021



 GREATER TORONTO
HOTEL ASSOCIATION

SERVING THE HOTEL INDUSTRY SINCE 1925

Tim Reardon

Chair, Board of Directors

Compliance Policy

The GTHA has adopted a competition compliance policy and is vigilant in ensuring that all of its actions are in compliance with Canadian competition law. We remind our members that, as competitors, they should not discuss any issues relating to pricing or future individual hotel marketing or strategic plans during this meeting, or at any time.



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GTHA Hotel Meeting & Event COVID-19 Impact Analysis Final Results

Date: July 14, 2021

Image Source: www.cvent.com

TODAY'S PRESENTATION

- 1 Study Background & Scope**
- 2 Key Findings**
- 3 2 Topline Recovery Scenarios**
- 4 M&E Employment Analysis**
- 5 Overall GTHA 5-Year Recovery Outlook**
- 6 Question & Answer Period**

A modern bedroom interior featuring a bed with a tufted headboard, a nightstand with a lamp, and a large window overlooking a city skyline. The room is decorated with a green and white color scheme. The text "Study Background & Scope" is overlaid on the image in white. A green horizontal bar is at the bottom of the image.

Study Background & Scope

PROJECT BACKGROUND & OBJECTIVES

Project Background:

- While social gathering restrictions were recently amended under provincial regulations, the amendment excludes the hotel sector, making it difficult for GTA hotels to secure meeting/conference and group bookings in the near to mid-term.

Project Objectives:

- To assess the potential demand and revenue losses associated with these restrictions on GTA's hotel sector.
- to understand what is at risk if member hotels are unable to host large scale meetings and events in 2021, and what continued lack of visibility for the meeting/conference industry may have longer into the future.

STUDY PROCESS 1/2

- Identified properties within GTHA geographic boundaries
- Prepared inventory of GTHA accommodations categorized as follows:
 - Properties with 20,001 sf of meeting space or greater
 - Properties with 7,501 to 20,000 sf of meeting space
 - Properties with 1,001 to 7,500 sf of meeting space
 - Properties with 1,000 sf of meeting space or less
- Reviewed 2019-2020 performance of GTHA accommodation market
- Launched online survey for GTHA members focused on 2019/20 meetings & event business, and details on lost/deferred business
 - Survey in field Mar 31-Apr 12, 2021
 - 26 complete responses
- Conducted 10 interviews with GTHA members to determine further detail on citywide event impacts and risk on employment and ancillary revenues

- Provided 2 topline recovery projections by size category, based on the following 2 scenarios:

Scenario 1 – As Is 2021

- Continuation of the current provincial indoor gathering size limitations at a maximum capacity of 10 persons (status quo for Grey and Red Zones), and
- All size restrictions are lifted by January 1, 2022.

Scenario 2 – 60% Capacity 2021

- Provincial indoor gathering size limitations for hotels are adjusted based on 60% of rentable meeting room capacity by July 1, 2021, and
- All size restrictions are lifted by January 1, 2022.

- Estimated room and ancillary revenues and demand impacts, including the loss in in occupied room night demand under each scenario for GTHA Hotels with 7,500 – 20,000+ SF in meeting space
- Estimated M&E employment loss impacts for GTHA Hotels with 7,500 – 20,000+ SF in meeting space under each scenario
- Provided a total 5-year recovery outlook for all GTHA Hotels based on the M&E 2 scenarios

- Government rolled out 3 Step “Roadmap to Reopen” plan in May 2021 based on vaccination targets and improvements in key public health indicators.
- As of today, in Step 2
- As of Friday (July 16) the province will move to Step 3
 - Indoor and outdoor meeting and event spaces
 - Capacity is limited to the number of people that can maintain 2 metres physical distance
 - Maximum 50% capacity up to 1,000 people indoors
 - Maximum 75% capacity up to 5,000 people outdoors

THIS FRAMEWORK WAS NOT IN PLACE AT THE TIME THAT CBRE COMPLETED THE STUDY

GTHA SURVEY RESPONDENT PROFILE

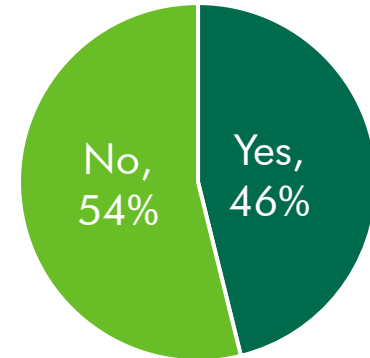
SURVEY RESPONDENTS

Total Properties	26
Total Rooms	11,355
Rentable Meeting & Event Space (SF)	715,200

RESPONDENT ORIGIN

Downtown/Central Toronto	77%
Toronto Airport	15%
GTA West	4%
GTA East/North	4%

Closed for Any Length of Time in 2020
(n=26)



For those impacted in 2020, the average closure time was **123 days**

COVID IMPACTS ON LEAD TIMES & JOBS

M&E EVENT TYPE	2019 AVG. LEAD TIME
Self-contained business event	12 months
Social catering event	10 months
Meetings	6 months

M&E EMPLOYMENT	2019 AVG. # JOBS	2020 AVG. # JOBS
Employed	87	4
Furloughed	0	77
Laid off Permanently	0	5

Based on 9 Interviews

COVID impacts on lead times in 2020:

- Lead times much shorter or totally destroyed
- Conversations only with existing meetings & events
- Many clients did not sign contracts
- Not enough time to confirm major business for 2021
- Clients took more of a “wait and see” approach

Expectations for M&E Employment:

- Will use F&B mgmt if an event does come
- Most banquet departments are effectively closed

A photograph of a grand, multi-story hotel lobby. The ceiling is a complex wooden beam structure with several large, modern chandeliers hanging from it. In the center, a tall clock tower is visible, featuring a large clock face. The lobby is furnished with modern, light-colored armchairs and sofas, some with patterned cushions. There are also several potted plants and a balcony with a decorative railing on the upper level. The overall atmosphere is one of classic elegance and modern comfort.

Key Findings

GTHA SUPPLY INVENTORY

- GTA Supply = 222 hotels offering 39,000 rooms
- 61 hotels make up 82% of hotel meeting space, 55% rooms inventory

Meeting & Event (M&E) Space Categories	Hotels	Rooms	M&E Rentable SF	% M&E Rentable SF
20,000+ SF	23	12,233	793,600	52%
7,501 – 20,000 SF	38	8,991	455,600	30%
2,500 – 7,500 SF	46	5,968	202,800	13%
Less than 2,500 SF	58	7,665	66,000	4%
No M&E Space	57	4,034	0	0%
	222	38,891	1,518,000	100%

GTHA MARKET – 2017-2020 HISTORIC RESULTS

Demand CHANGE

2018 Actual	2.2%
2019 Actual	-0.7%
2020 Actual	-63.9%

ADR CHANGE

2018 Actual	6.3%
2019 Actual	0.5%
2020 Actual	-26.3%

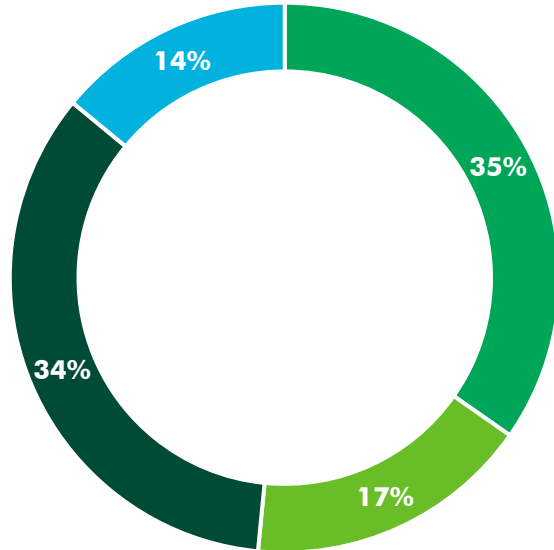
RevPAR CHANGE

2018 Actual	7.2%
2019 Actual	-1.7%
2020 Actual	-73.3%

	2017	2018	2019	2020
Occupancy	75%	75%	74%	27%
ADR	\$177	\$188	\$188	\$139
RevPAR	\$132	\$141	\$139	\$37

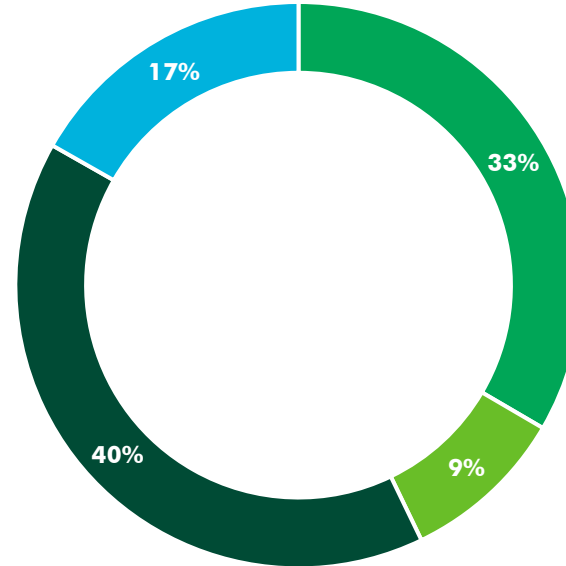
GTHA MARKET SEGMENTATION (2019-2020)

2019



■ Corporate ■ M&E ■ Leisure ■ Gov/Oth

2020



■ Corporate ■ M&E ■ Leisure ■ Gov/Other

M&E demand
down from 17%
to 9% of total
demand in 2020

TORONTO CITY-WIDE EVENTS (2015-2020)

YEAR	EVENTS	ATTENDANCE	OCCUPIED ROOM NIGHTS	ROOM DEMAND	DIRECT ATTENDEE SPEND (\$M)
2015	35	389,358	159,020	934,459	\$448
2016	37	248,683	241,124	596,839	\$286
2017	41	269,940	250,311	647,856	\$310
2018	44	286,216	235,493	686,918	\$329
2019	44	299,666	248,492	719,198	\$345
2020	5	54,900	24,985	131,760	\$63
% Decline 2019-2020	-89%	-82%	-90%	-82%	-82%

CANCELLED CITYWIDE EVENTS (2020-2022)

YEAR	EVENTS	ATTENDANCE	OCCUPIED ROOM NIGHTS	ROOM DEMAND	DIRECT ATTENDEE SPEND (\$M)
2020	25	103,065	138,641	247,356	\$119
2021	22	78,000	126,323	187,200	\$90
2022	2	13,500	32,479	32,400	\$16
TOTAL	49	194,565	297,443	466,956	\$224

Citywide Events Still At Risk – Not Cancelled as of April 7, 2021

2021	4	8,000
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Citywide Events Still at Risk – Not Cancelled as of April 21, 2021

2021	1	3,000	4,500
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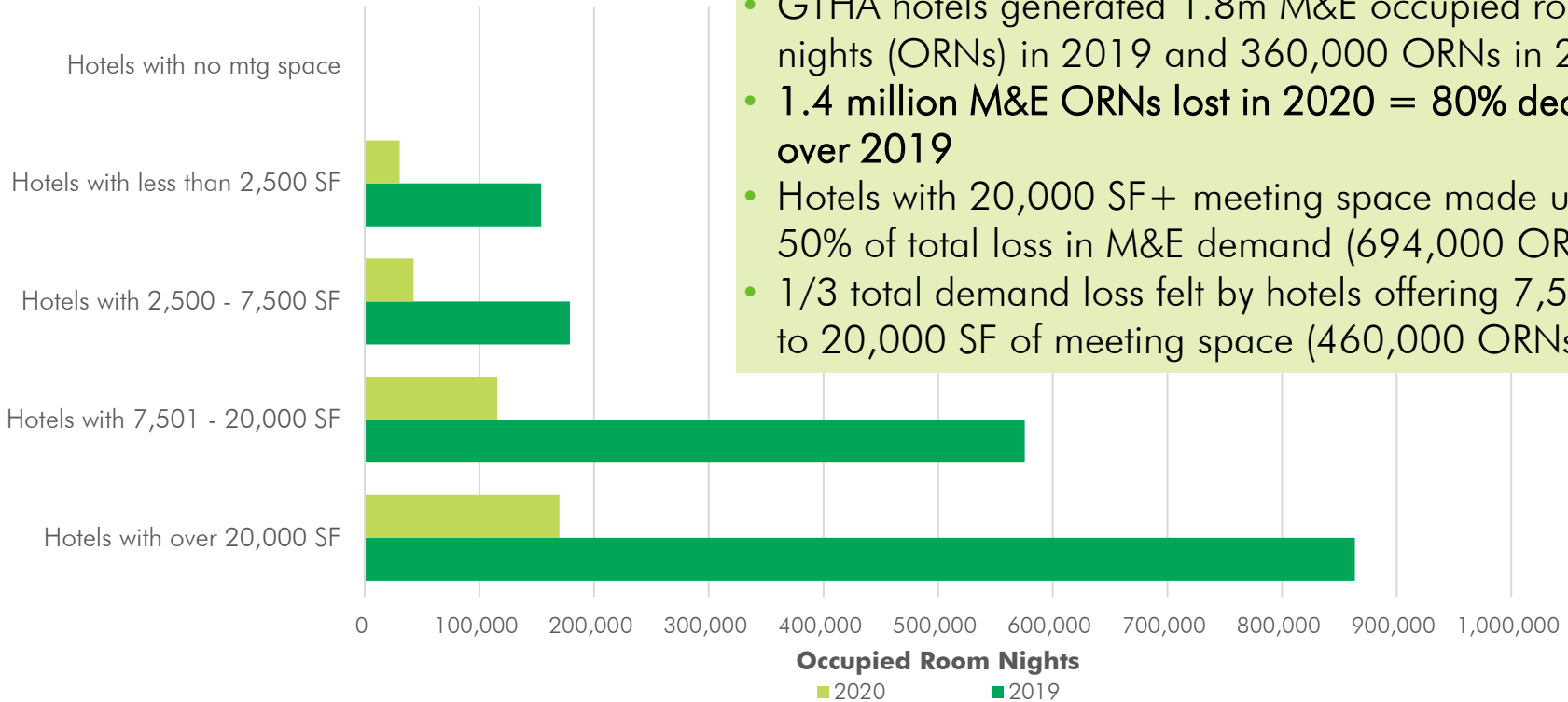
Source: Destination Toronto, April 2021

CITYWIDE EVENTS ON THE BOOKS (2021-2027)

YEAR	EVENTS	ATTENDANCE	ROOM NIGHTS
2021	1	3,000	4,500
2022	12	60,300	61,850
2023	21	109,200	152,670
2021	9	41,570	78,462
2025	9	38,900	82,763
2026	6	38,700	90,636
2027	4	23,900	40,355
TOTAL	62	315,570	511,236

Source: Destination Toronto, April 21, 2021

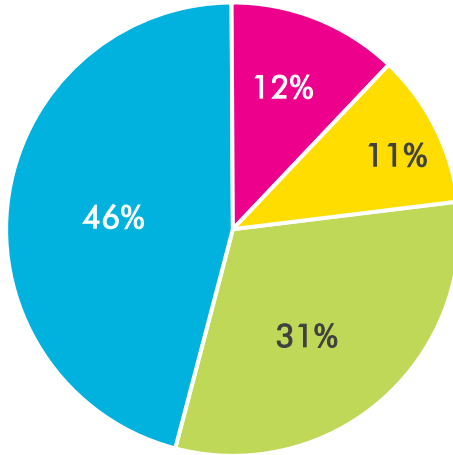
GTHA HOTEL MEETING & EVENT ROOM DEMAND (2019-2020)



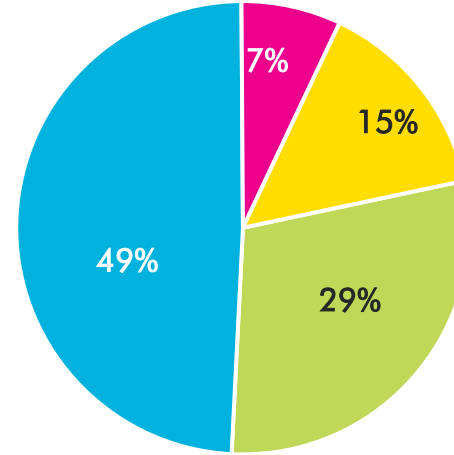
- GTHA hotels generated 1.8m M&E occupied room nights (ORNs) in 2019 and 360,000 ORNs in 2020
- 1.4 million M&E ORNs lost in 2020 = 80% decline over 2019
- Hotels with 20,000 SF+ meeting space made up 50% of total loss in M&E demand (694,000 ORNs)
- 1/3 total demand loss felt by hotels offering 7,501 to 20,000 SF of meeting space (460,000 ORNs)

20,000+ SF ATTENDEE CHANGE 2019-2020

Attendee Segmentation, 2019



Attendee Segmentation, 2020



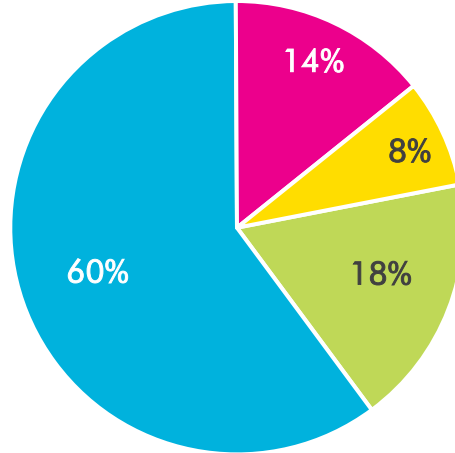
■ Associations/Conv ■ Corp Mtgs ■ Social/Banquets ■ Other Events

20,000+ SF Hotels

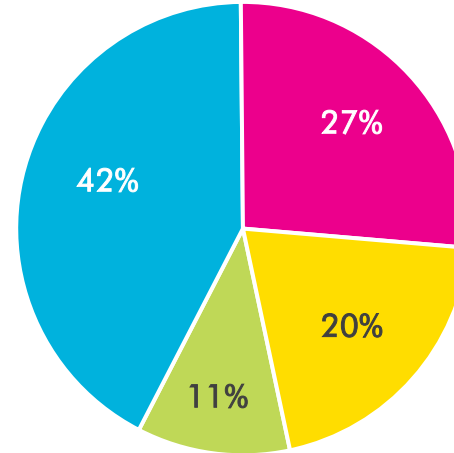
- Hotels reported 82% decline in attendees in 2020 over 2019
- In 2019, largest portion of attendees came from events sized 101 – 500 attendees. In 2020, largest portion of attendees came from events sized <50 attendees.

7,500 – 20,000 SF ATTENDEE CHANGE 2019-2020

Attendee Segmentation, 2019



Attendee Segmentation, 2020

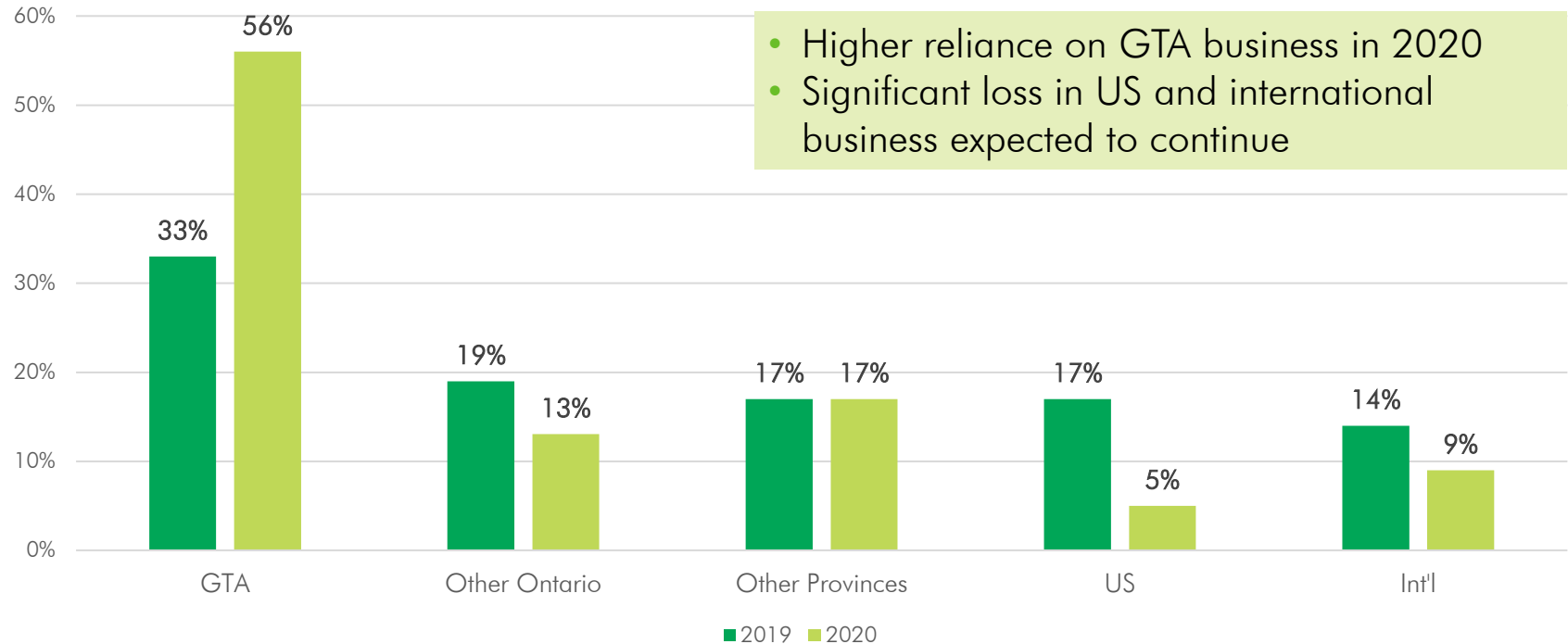


■ Associations/Conv ■ Corp Mtgs ■ Social/Banquets ■ Other Events

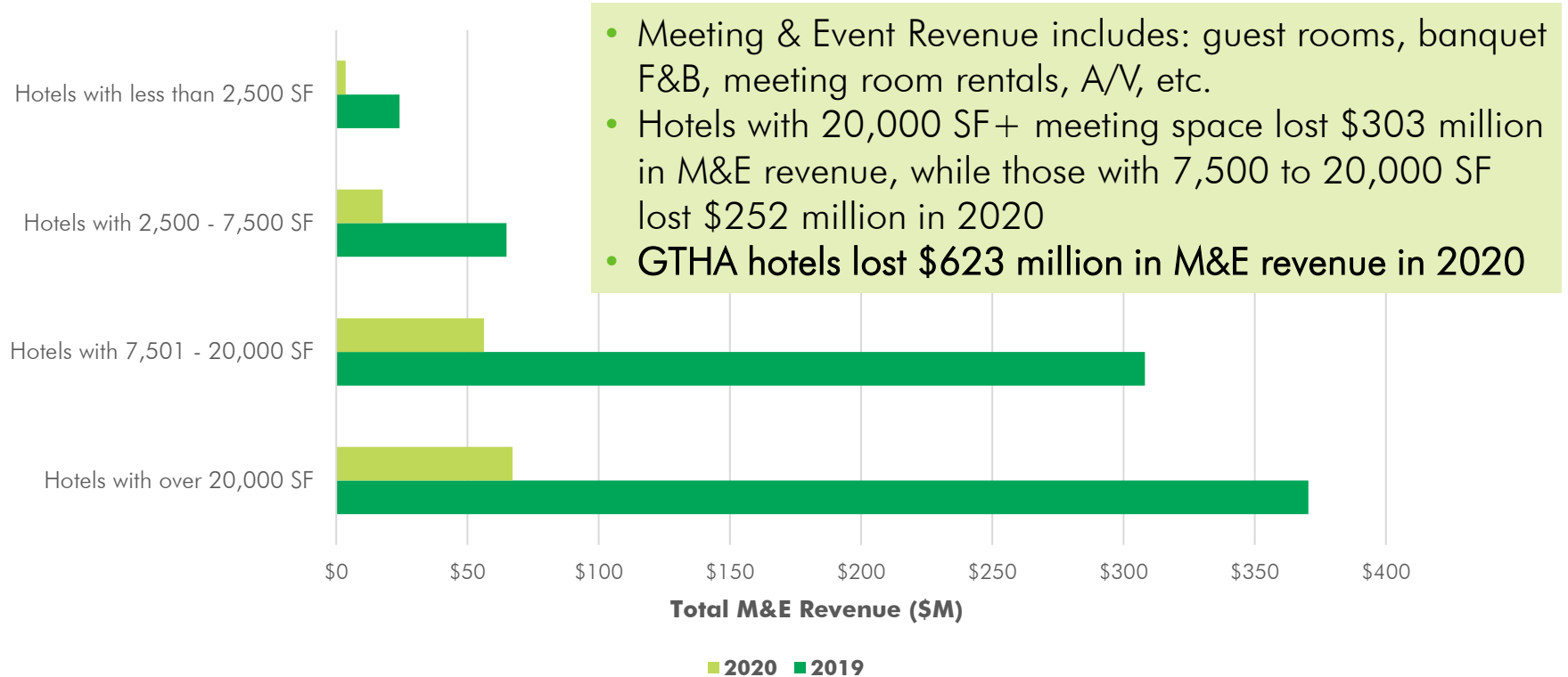
7,500 – 20,000 SF Hotels

- Hotels reported 81% decline in attendees in 2020 over 2019
- In 2019, largest portion of attendees came from events sized 51 – 100 attendees. In 2020, largest portion of attendees came from events sized <50 attendees.

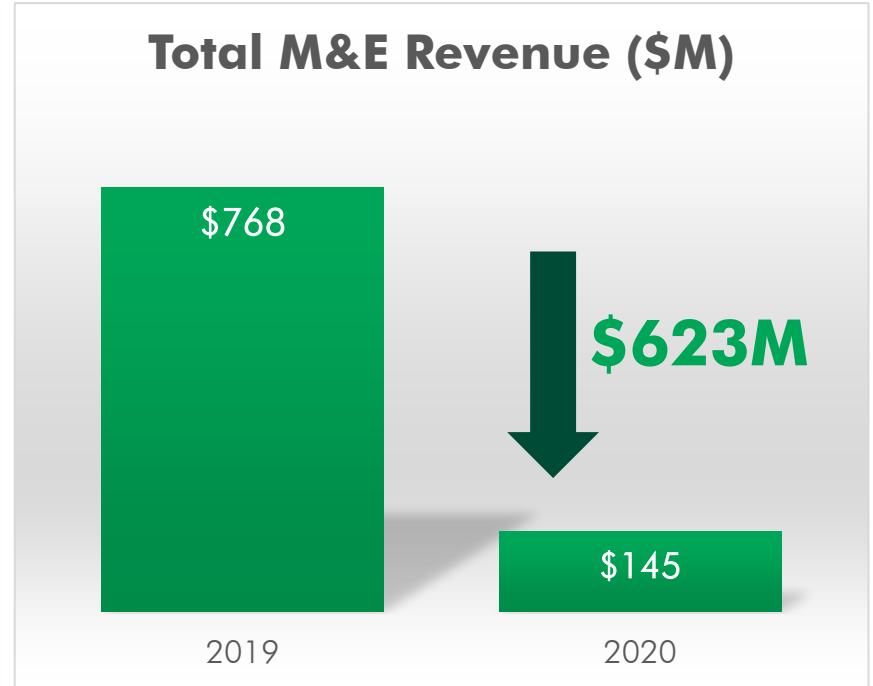
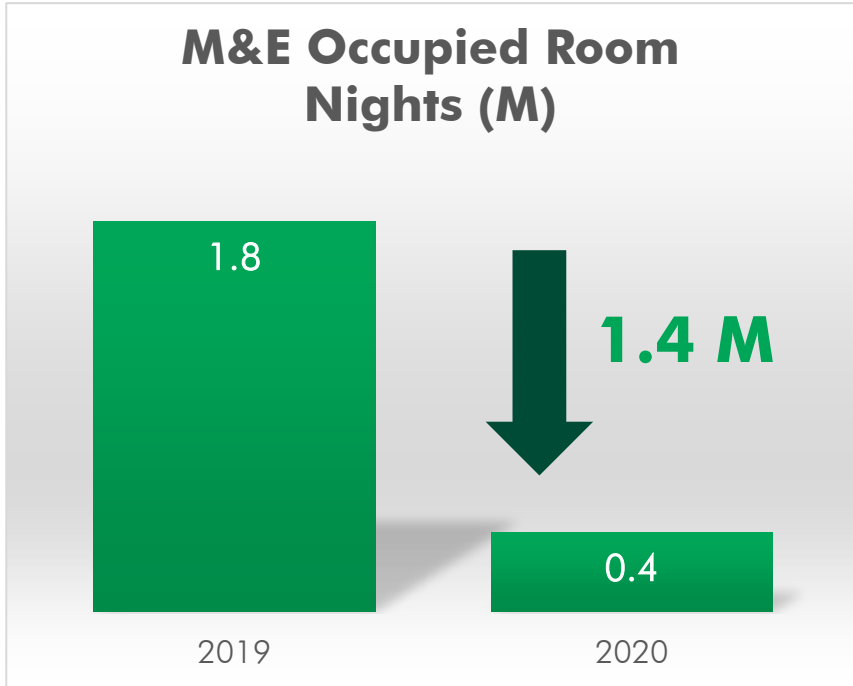
GEOGRAPHIC ORIGIN OF M&E DEMAND 2019 VS 2020



GTHA HOTEL MEETING & EVENT REVENUE (2019-2020)

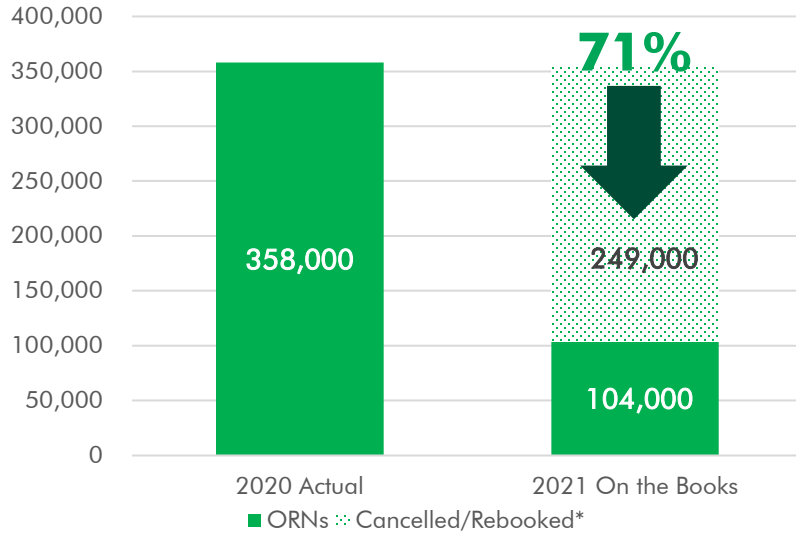


GTHA HOTEL MEETING & EVENT LOSS IN 2020



GTHA HOTEL MEETING & EVENT YTD 2021 FORECAST

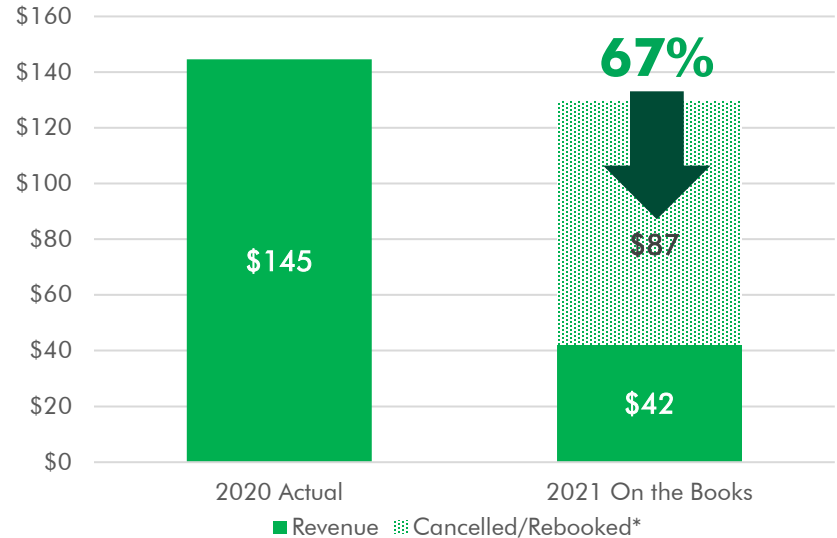
M&E Room Night Bookings



*On the books as of 1/1/21, Cancelled/Rebooked as of 3/31/21

353,000 M&E Room Nights on the books at Jan 1, 2021 – equivalent to 2020 ORNs – of which 71% have cancelled (as of March 31).

M&E Revenue Forecast (\$M)



*On the books as of 1/1/21, Cancelled/Rebooked as of 3/31/21

Of the \$129 M in forecasted M&E Revenue at the beginning of January 2021, 67% (\$87 M) has been cancelled as of March 31, 2021.

A person is walking from left to right, carrying a black rolling suitcase in their right hand and a black briefcase in their left hand. They are wearing a striped shirt and light-colored trousers. A blue checkered hat is visible on the suitcase. The background is a soft, out-of-focus green gradient. A thick green horizontal bar is at the bottom, and a vertical green bar is on the right side.

2 Topline Recovery Scenarios

Scenario 1 – As Is 2021

- Continuation of the current provincial indoor gathering size limitations at a maximum capacity of 10 persons (status quo for Grey and Red Zones), and
- All size restrictions are lifted by January 1, 2022.

Scenario 2 – 60% Capacity 2021

- Provincial indoor gathering size limitations for hotels are adjusted based on 60% of rentable meeting room capacity by July 1, 2021, and
- All size restrictions are lifted by January 1, 2022.

SCENARIOS FOR 7,500-20,000+ SF HOTELS

Scenario 1 M&E ORNs – As Is

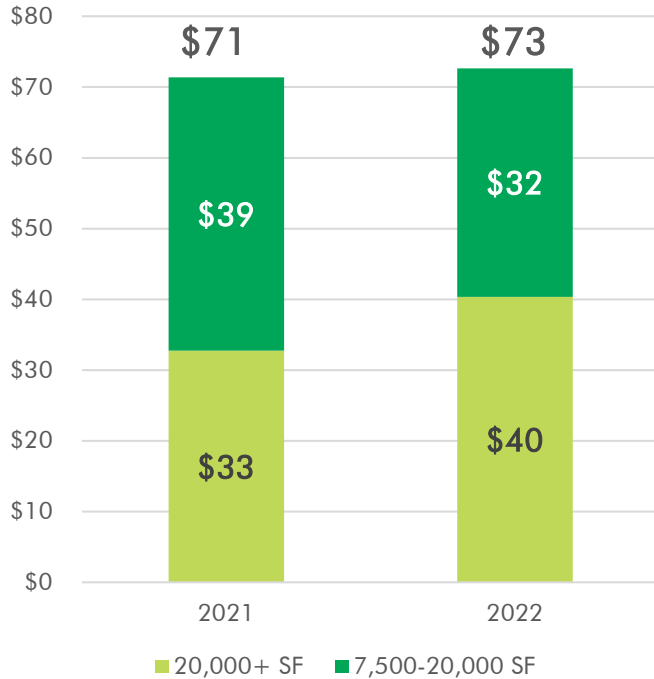
M&E CATEGORY	2019	2020E	2021P	2022P
20,000+ SF	864,000	169,000	5,000	369,000
7,500-20,000 SF	576,000	116,000	2,000	283,000
Subtotal	1,439,000	285,000	7,000	652,000
<i>Growth</i>		-80%	-98%	9,214%

Scenario 2 M&E ORNs – 60% Capacity

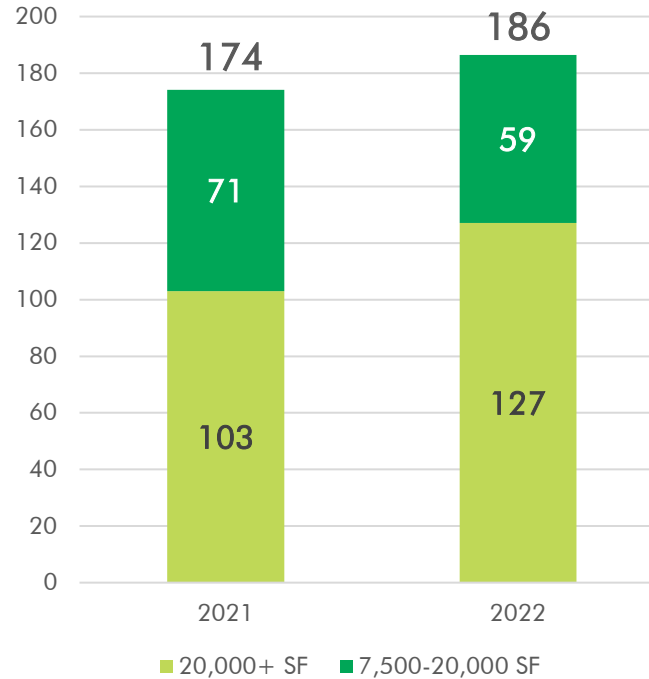
M&E CATEGORY	2019	2020E	2021P	2022P
20,000+ SF	864,000	169,000	108,000	497,000
7,500-20,000 SF	576,000	116,000	73,000	342,000
Subtotal	1,439,000	285,000	181,000	838,000
<i>Growth</i>		-80%	-36%	362%

M&E ROOMS & REVENUE AT RISK

M&E Revenue at Risk (\$M)



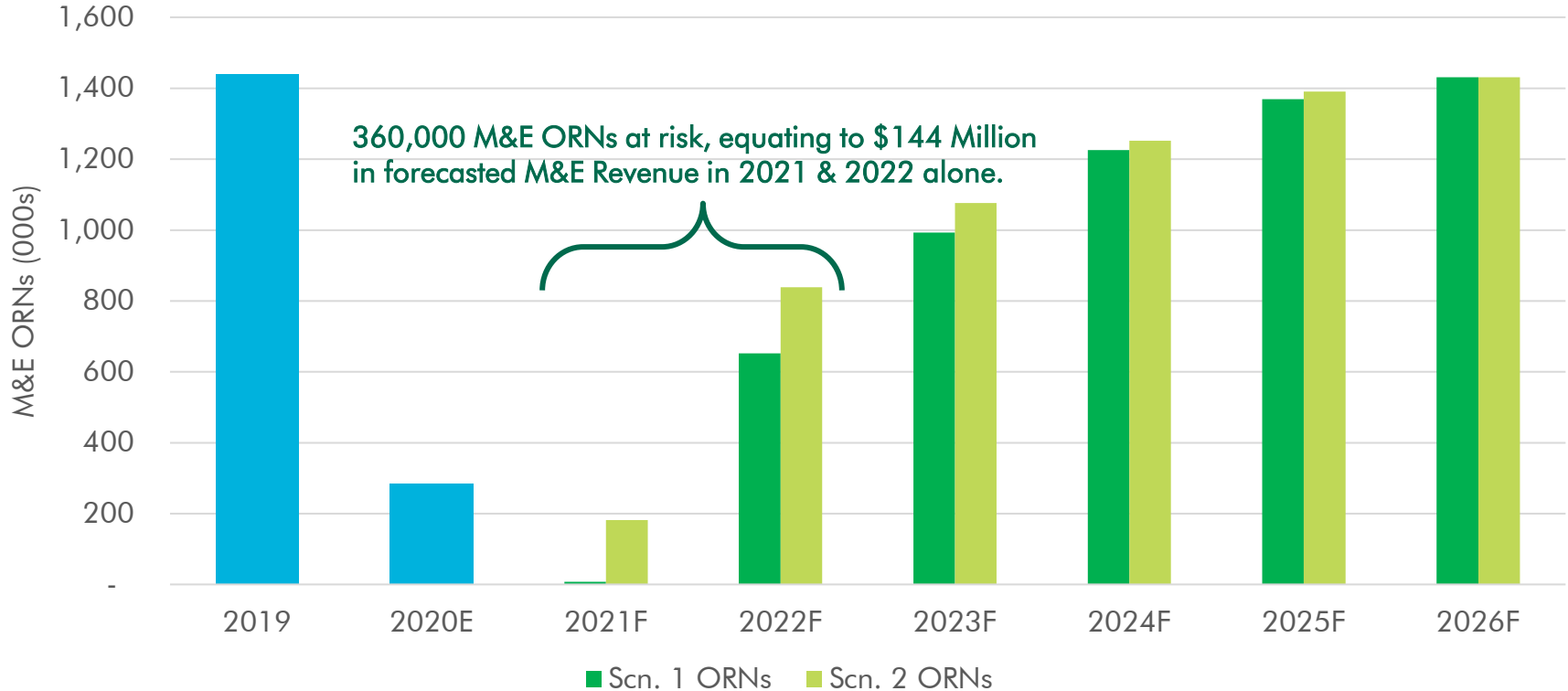
M&E ORNs at Risk (000s)



360,000 M&E ORNs at risk, equating to **\$144 Million** in forecasted M&E Revenue in 2021 & 2022 alone.

SCENARIOS 1&2 M&E ORNS FORECAST

GTHA Hotels 7,500 - 20,000+ SF Meeting Space

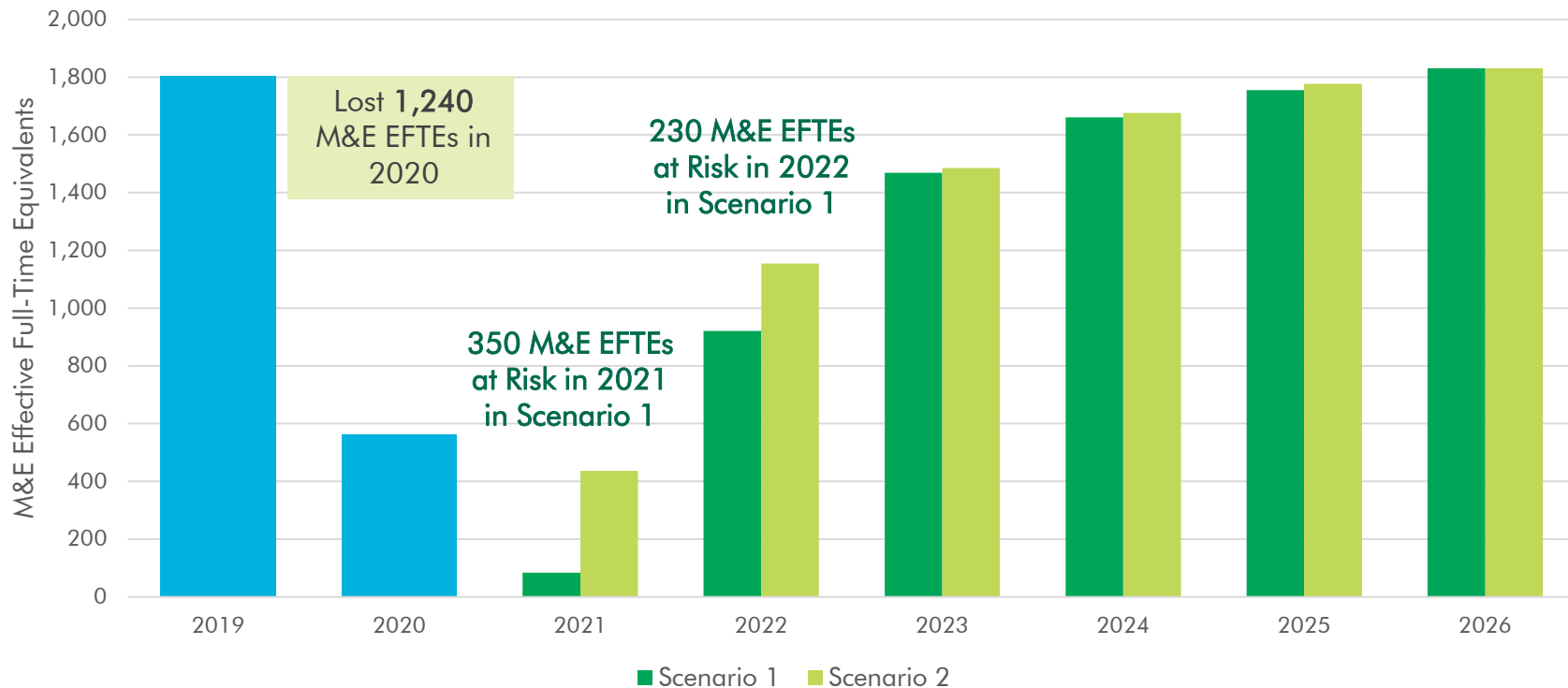


M&E Employment Analysis

The background features a wall with a diagonal wood-grain pattern. In the lower right, there is a dark green armchair and a small round table with a potted plant. A bright green L-shaped bar is positioned at the bottom right of the image.

SCENARIOS 1&2 M&E EFFECTIVE FULL-TIME EQUIVALENTS FORECAST

GTHA Hotels 7,500 - 20,000+ SF Meeting Space



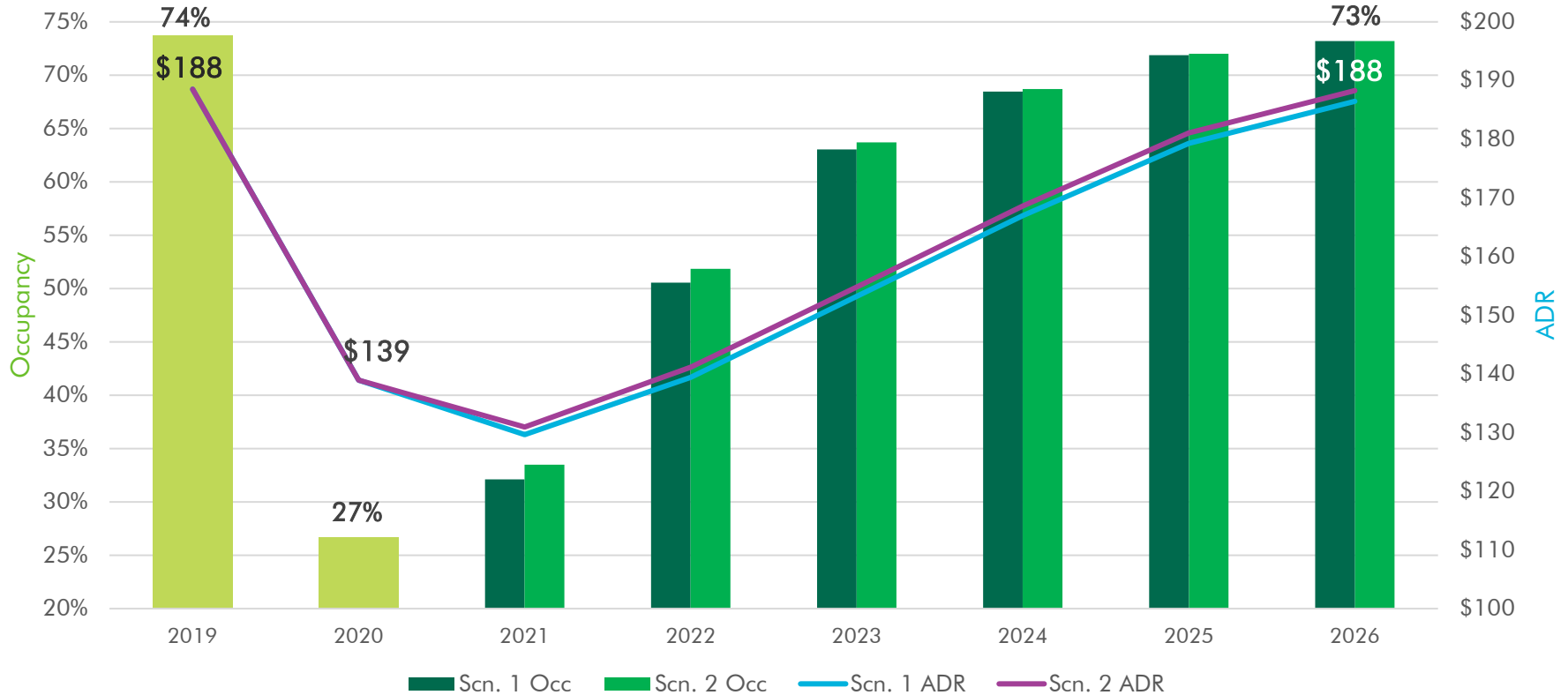
EFTE = Effective Full-Time Equivalent, based on a 40-hour employee week

Source: CBRE Hotels' Trends in the Hotel Industry National Market with reproduction and use of information subject to CBRE Limited Disclaimer | Terms of Use as detailed at <https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/disclaimer>



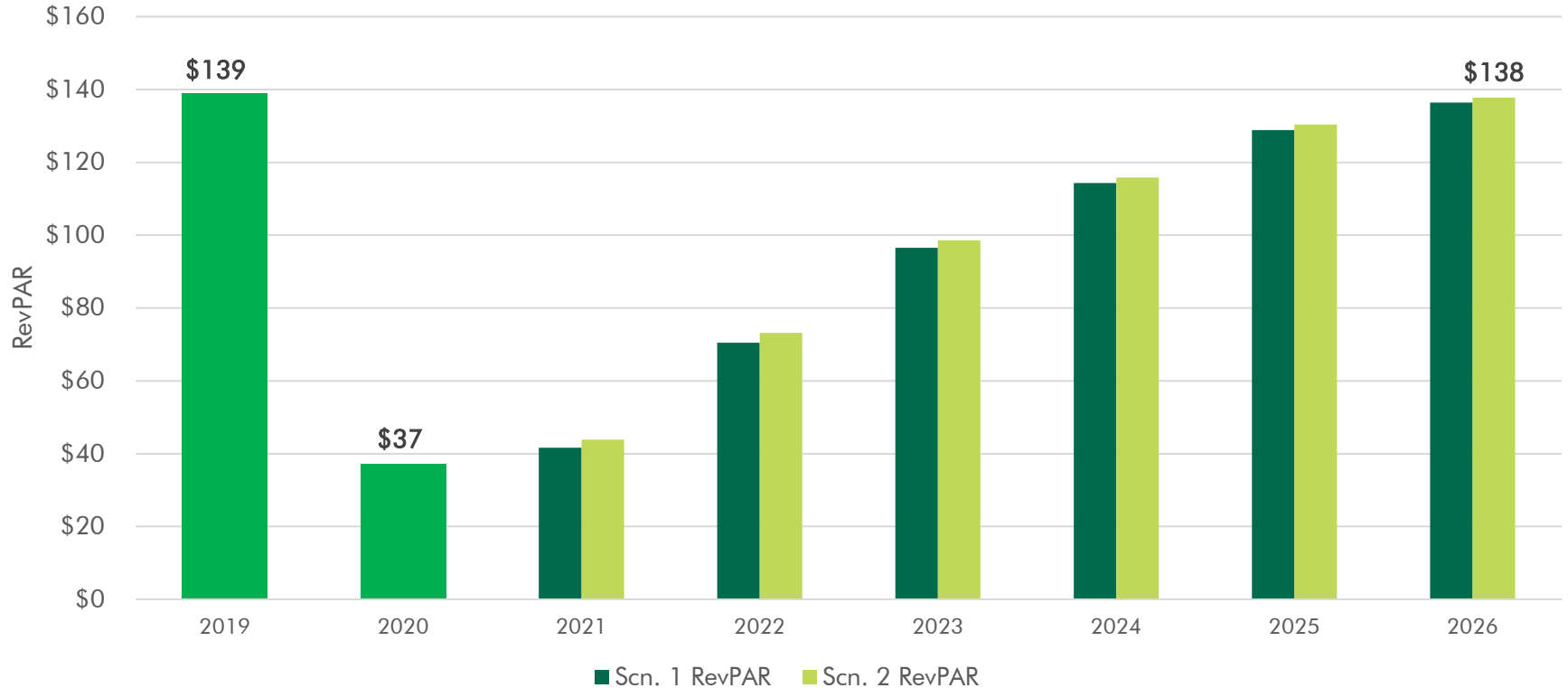
Overall GTHA 5-Year Recovery Outlook

OVERALL GTHA OCCUPANCY & ADR RECOVERY OUTLOOK SCENARIOS 1 & 2



Source: CBRE Hotels' Trends in the Hotel Industry National Market with reproduction and use of information subject to CBRE Limited Disclaimer | Terms of Use as detailed at <https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/disclaimer>

OVERALL GTHA REVPAR RECOVERY OUTLOOK SCENARIOS 1 & 2





Questions?

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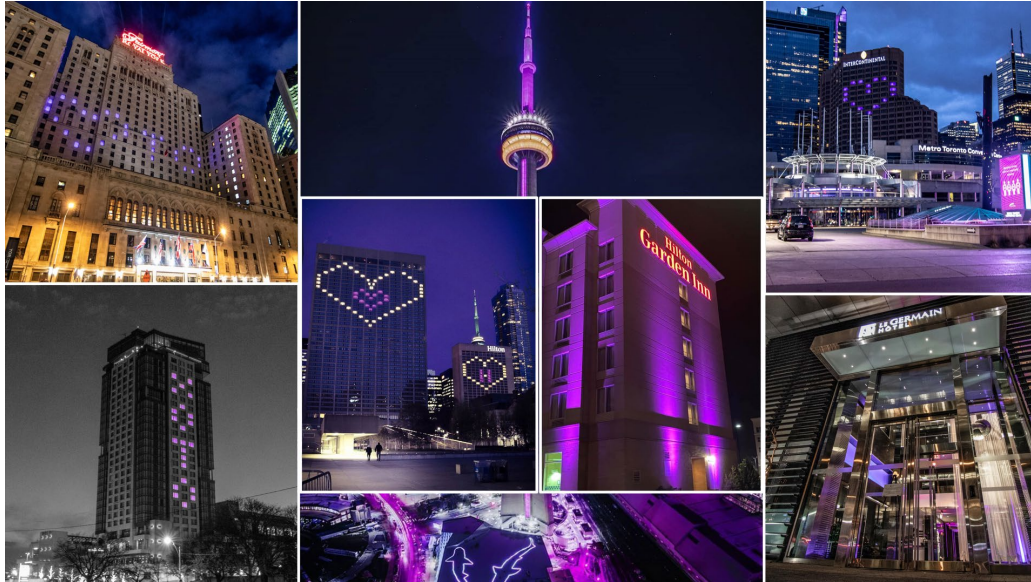
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Thank you for joining!



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