



2022

# MARKET OUTLOOK

## Greater Toronto Hotel Association

September 2021

CBRE HOTELS

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# TODAY'S SPEAKER

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# UNDERLYING ASSUMPTIONS



As of mid-August 2021



4<sup>th</sup> wave is managed without widespread lockdowns or significant restrictions.



Canada remains open to fully vaccinated international & US travelers.



Global vaccination progresses. The vaccines remain effective against variants. Vaccine “passports” allow for freer movement of people.



Meeting & Conference, Corporate & Government travel activity starts to ramp up in late Q1/early Q2 2022.

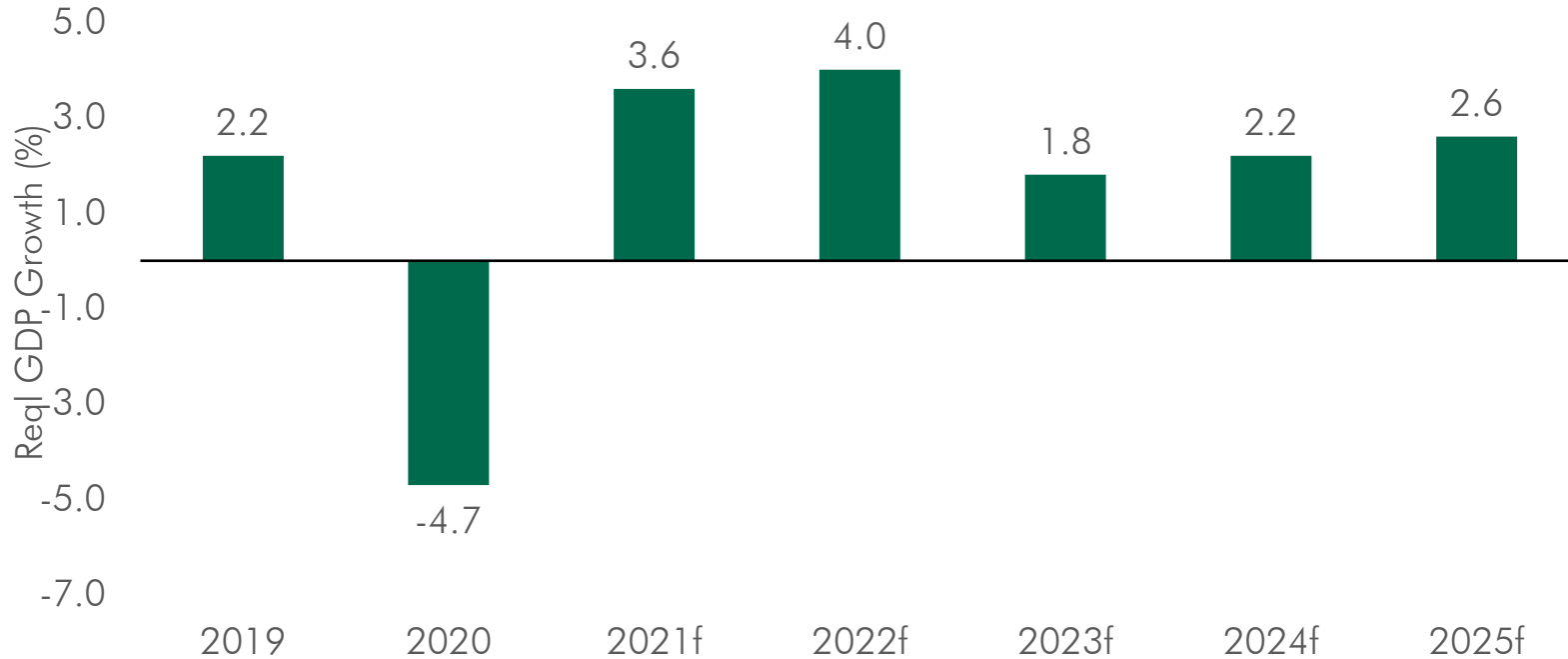
# OPPORTUNITIES & THREATS TO RECOVERY

- ▼ Additional lockdowns/infection waves
- ▼ Reimplementation of border restrictions
- ▼ ADR discounting
- ▼ Significant labour shortages
- ▼ Poor Group/Conference pick up
- ▼ New variants which vaccines aren't effective against
- ▼ Global vaccination may not be achieved until 2026
- ▼ Economic recession
- ▼ Rapid inflation
- ▲ Corporate & Government travel returns more quickly than expected
- ▲ Canadian travelers continue to stay within the country for the bulk of their travel
- ▲ Occupancy compression drives higher ADR yield
- ▲ Reduction or removal of gathering limitations driving larger groups

# ECONOMIC & TRAVEL OUTLOOKS FOR THE GTA



### Toronto GDP Growth Forecast



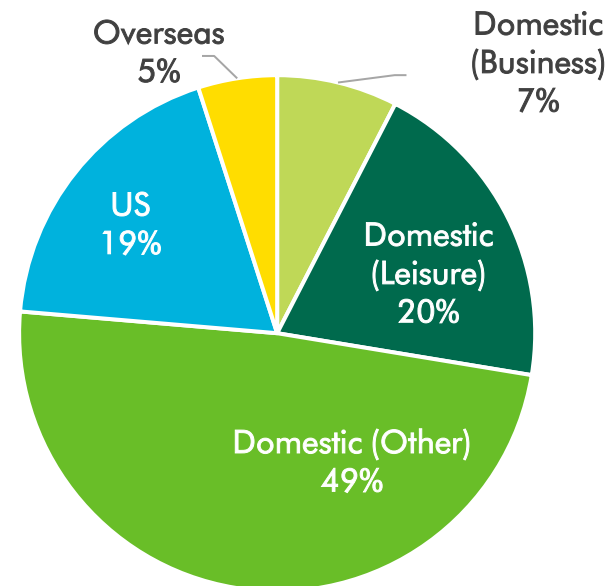
Source: Conference Board of Canada, August 2021

## Greater Toronto Area Overnight Visits, 2021-2024F (000s)

	2019	2020E	2021F	2022F	2023F	2024F
Domestic – Business	1,306	362	574	831	1051	1,073
	8.5%	-72.3%	58.6%	44.6%	26.5%	2.1%
Domestic – Leisure	1703	1,193	1,518	1,845	1,889	1,875
	-3.6%	-29.9%	27.2%	21.6%	2.3%	-0.7%
Domestic – Other	5,152	3,305	3,694	4,609	5,326	5,494
	-4.8%	-35.9%	11.8%	24.8%	15.6%	3.1%
US	2,693	386	1,418	2,212	2,703	2,785
	10.6%	-85.7%	267.3%	56.0%	22.2%	3.0%
Overseas	2,458	371	375	1,218	2,186	2,516
	16.8%	-84.9%	1.1%	224.9%	79.5%	15.1%
<b>Total Overnight Visits</b>	<b>13,321</b>	<b>5,617</b>	<b>7,579</b>	<b>10,715</b>	<b>13,155</b>	<b>13,742</b>
	3.0%	-57.8%	34.9%	41.4%	22.8%	4.5%

Source: Conference Board of Canada, August 2021

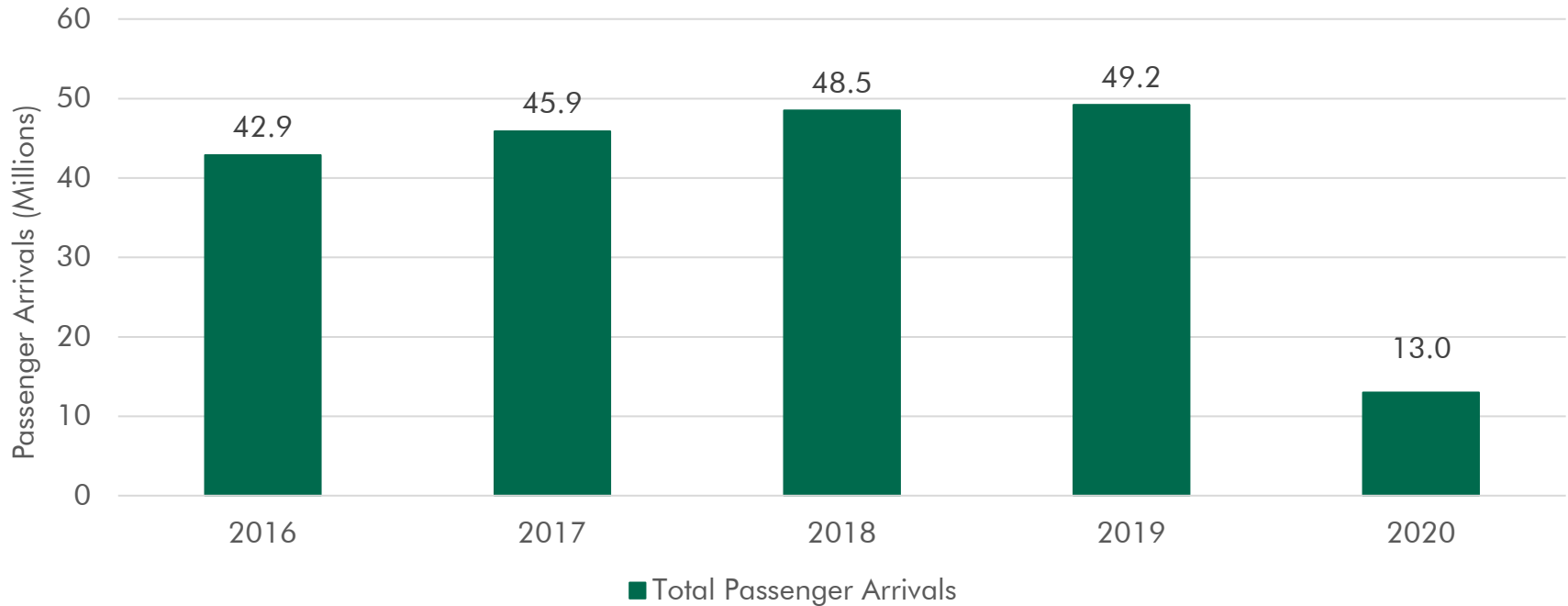
## Overnights Visits to Toronto by Origin - 2021F





# TORONTO PEARSON AIR PASSENGER TRAFFIC

## Toronto Pearson International Airport



Source: Statistics Canada, GTAA, Ports Toronto

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>



**12**  
Events Booked



**> 65,500**  
Estimated Delegates



**~51,300**  
Occupied Room Nights



**Uncertainty surrounding  
whether things will  
proceed as planned**

Source: Tourism Toronto

# FUTURE CITY WIDE BOOKING 2023– 2027



**57**  
Future Events Booked



**~481,000**  
Estimated Occupied Room  
Nights



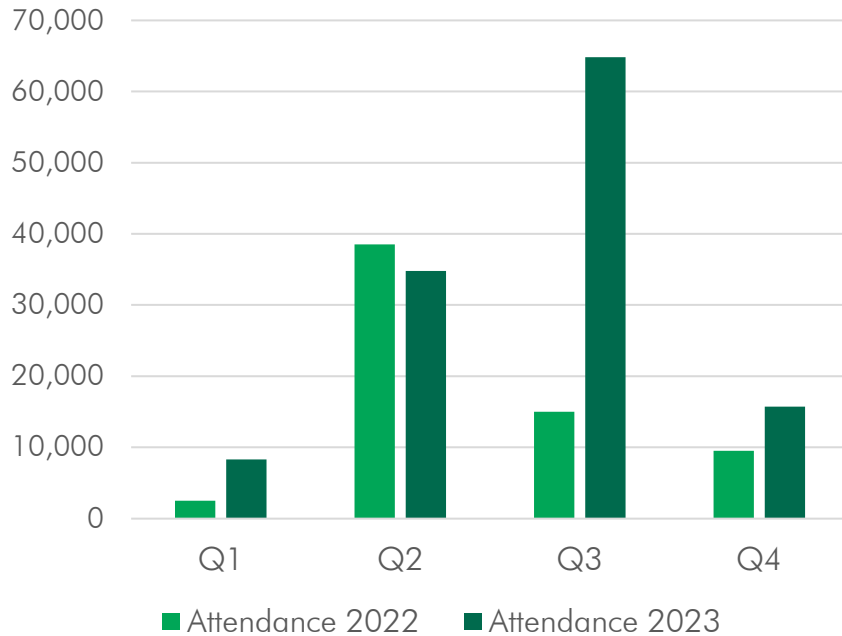
**~283,000**  
Estimated Delegates



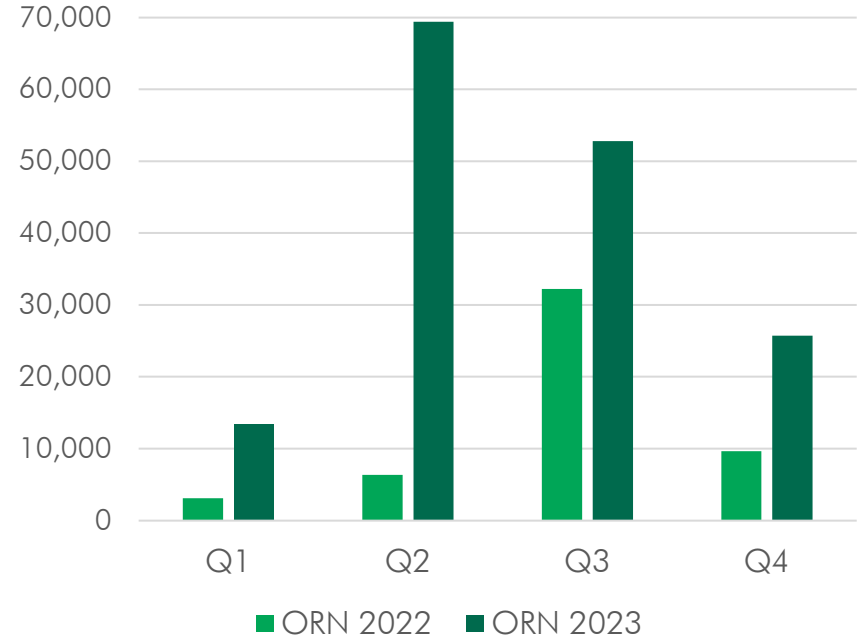
**2023** already 2x what  
is OTB for 2022

Source: Tourism Toronto

## Major Citywides 2022 & 2023 - Distribution by Quarter (Attendance)



## Major Citywides 2022 & 2023 - Distribution by Quarter (ORNs)





# GREATER TORONTO MARKET OUTLOOKS

# DOWNTOWN TORONTO SUPPLY UPDATES 2021-22

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- 1 1 Hotel
- 2 Drake Hotel
- 3 Park Hyatt
- 4 Ace Hotel
- 5 W Toronto
- 6 Canopy by Hilton (Rosedale on Bloor)

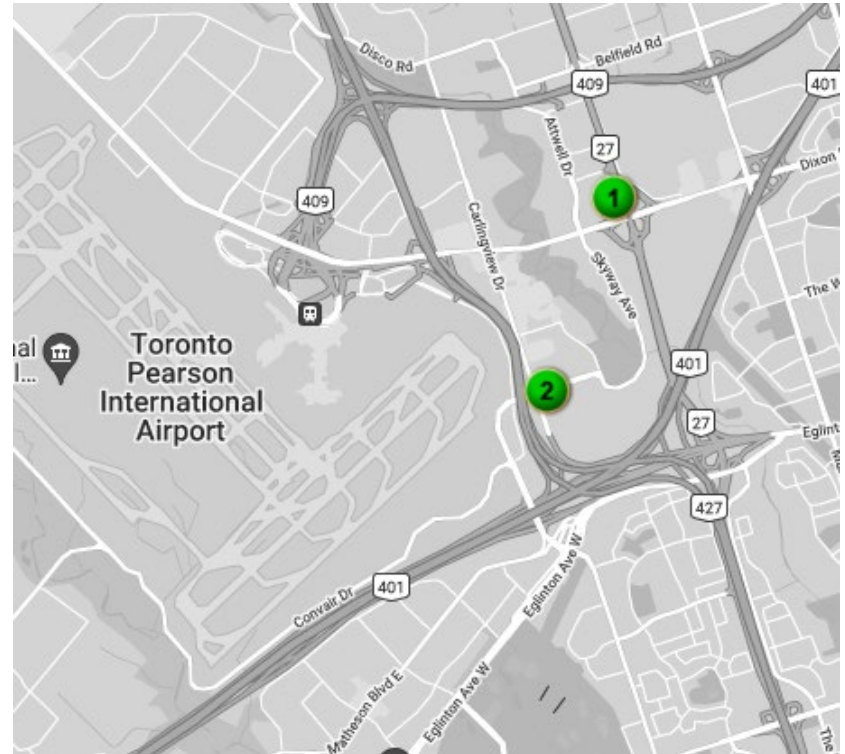


# MARKET OUTLOOKS – DOWNTOWN TORONTO

	2019	2020	2021 F	2022 P
<b>Downtown</b>				
Rooms	17,158	16,911	17,129	17,777
Occupancy	78%	20%	26%	52%
ADR	\$252	\$203	\$183	\$205
RevPAR	\$196	\$40	\$47	\$107
<b>% Change</b>				
Supply	0.6%	-1.4%	1.3%	3.8%
Demand	-0.5%	-75.0%	32.0%	112.0%
ADR	0.5%	-19.6%	-10.0%	12.0%
RevPAR	-0.6%	-79.6%	17.3%	128.8%

# TORONTO AIRPORT SUPPLY UPDATES 2021-22

- 1 Crowne Plaza (Expansion)
- 2 Holiday Inn Express & Suites  
Toronto Airport South





# MARKET OUTLOOKS – TORONTO AIRPORT

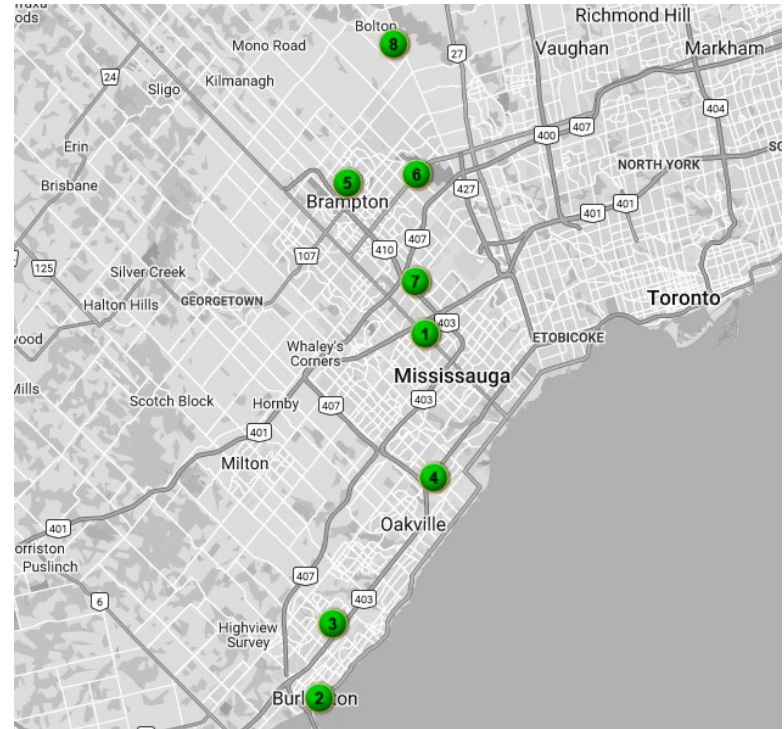
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	2019	2020	2021 F	2022 P
<b>Airport</b>				
Rooms	8,651	8,723	8,834	8,924
Occupancy	78%	29%	46%	54%
ADR	\$156	\$132	\$134	\$138
RevPAR	\$121	\$39	\$61	\$74
<b>% Change</b>				
Supply	0.0%	0.8%	1.3%	1.0%
Demand	-1.3%	-62.1%	58.0%	19.0%
ADR	1.1%	-14.9%	1.0%	3.0%
RevPAR	-0.2%	-68.0%	57.6%	21.3%

# GTA WEST SUPPLY UPDATES 2021-22

- 1 Hyatt Place Toronto/Mississauga Centre
- 2 The Pearle Hotel & Spa, Autograph Collection
- 3 Hampton Inn & Suites Burlington
- 4 Four Points by Sheraton Oakville
- 5 Hyatt Place Brampton
- 6 TownePlace Suites Brampton
- 7 TownePlace Suites Mississauga
- 8 TownePlace Suites Caledon Bolton



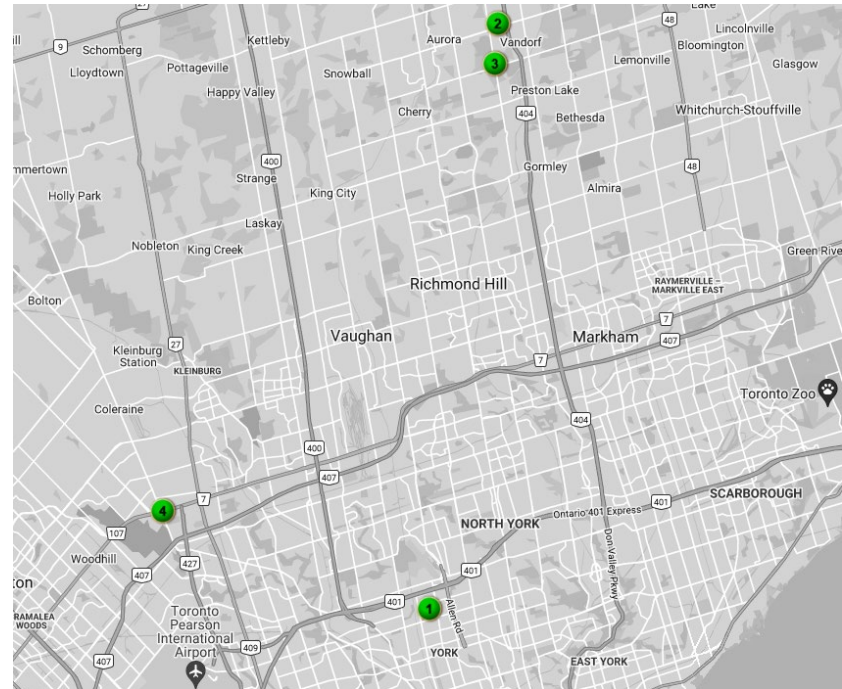
# MARKET OUTLOOKS – GTA WEST

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	2019	2020	2021 F	2022 P
<b>West</b>				
Rooms	9,021	9,205	9,399	9,780
Occupancy	72%	34%	39%	53%
ADR	\$134	\$107	\$101	\$111
RevPAR	\$97	\$36	\$39	\$58
<b>% Change</b>				
Supply	5.3%	2.0%	2.1%	4.1%
Demand	1.6%	-52.1%	16.0%	43.0%
ADR	0.5%	-20.1%	-5.5%	9.0%
RevPAR	-3.0%	-62.5%	7.4%	49.8%

# GTA EAST/NORTH SUPPLY UPDATES 2021-22

- 1 Holiday Inn Toronto-Yorkdale (Closure)
- 2 Holiday Inn Express Aurora
- 3 Microtel Inn & Suites - Aurora
- 4 Avid Vaughan



# MARKET OUTLOOKS – GTA EAST/NORTH

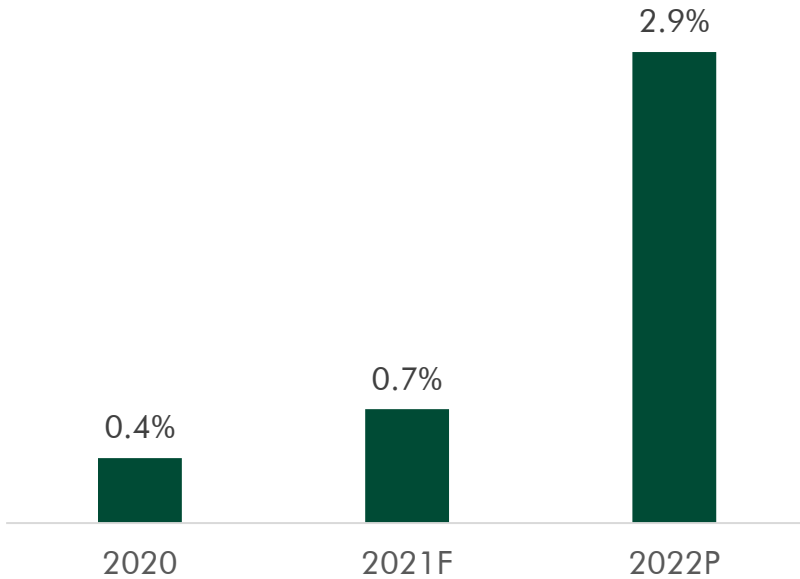
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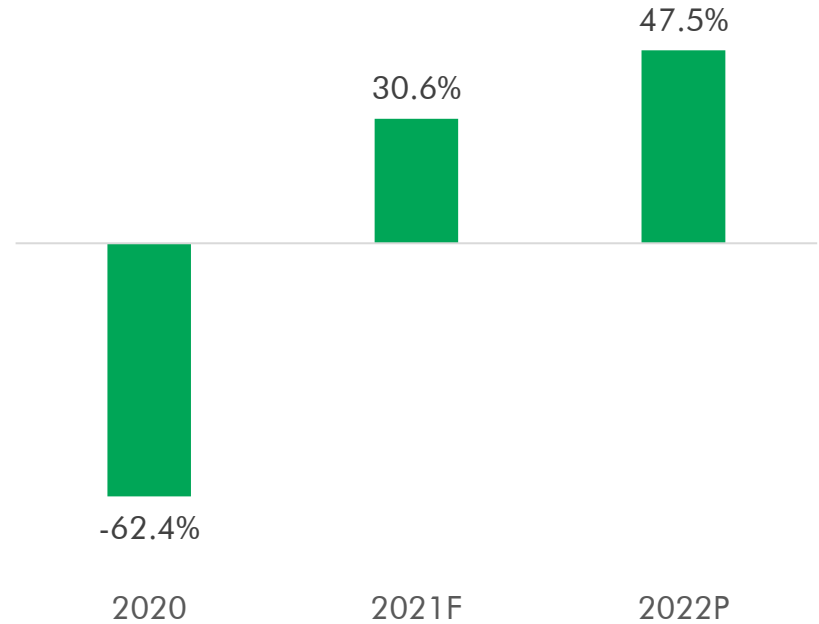
	2019	2020	2021 F	2022 P
<b>East/North</b>				
Rooms	10,927	11,095	10,881	11,083
Occupancy	70%	34%	43%	49%
ADR	\$139	\$110	\$100	\$108
RevPAR	\$97	\$38	\$43	\$53
<b>% Change</b>				
Supply	2.4%	1.5%	-1.9%	1.9%
Demand	-1.0%	-50.2%	23.0%	15.0%
ADR	0.7%	-21.0%	-8.5%	8.0%
RevPAR	-2.7%	-61.2%	14.8%	21.9%

# GTA OVERALL SUPPLY AND DEMAND OUTLOOK

### Supply Change



### Demand Change



# MARKET OUTLOOKS – GTA OVERALL

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	2019	2020	2021 F	2022 P
<b>Total GTA</b>				
Rooms	45,757	45,934	46,243	47,564
Occupancy	74%	28%	36%	52%
ADR	\$184	\$138	\$130	\$151
RevPAR	\$137	\$38	\$47	\$78
<b>% Change</b>				
Supply	1.8%	0.4%	0.7%	2.9%
Demand	-0.4%	-62.4%	30.6%	47.5%
ADR	0.5%	-25.0%	-5.5%	15.8%
RevPAR	-1.7%	-71.9%	22.5%	66.1%

# NORTH AMERICAN MAJOR CITY COMPARISON 2022

	New York		Boston		Chicago	
Occupancy	58%	Δ 14.4 pts	57%	Δ 10.8 pts	51%	Δ 10.3 pts
ADR	\$195	Δ 25.4%	\$167	Δ 17.3%	\$130	Δ 21.8%
RevPAR	\$113	Δ 66.7%	\$95	Δ 44.7%	\$66	Δ 52.9%

	Toronto Overall (CAD)	Toronto Overall (USD)	% Change
Occupancy	52%	52%	15.7 pts
ADR	\$151	\$119	15.8%
RevPAR	\$78	\$62	66.1%

Source: CBRE Hotels

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>





# ONTARIO MARKET OUTLOOKS

# PROVINCIAL HOTEL SUPPLY - ONTARIO

## Ontario Hotel Supply, 2012 to 2022P



# ONTARIO 2019-2022 ADR, REVPAR OUTLOOK

## Demand Growth

2020 Actual	-53.7%
2021 Forecast	24.0%
2022 Projection	40.0%

## ADR Growth

2020 Actual	-22.6%
2021 Forecast	2.0%
2022 Projection	12.0%

## RevPAR Growth

2020 Actual	-64.5%
2021 Forecast	25.1%
2022 Projection	54.3%

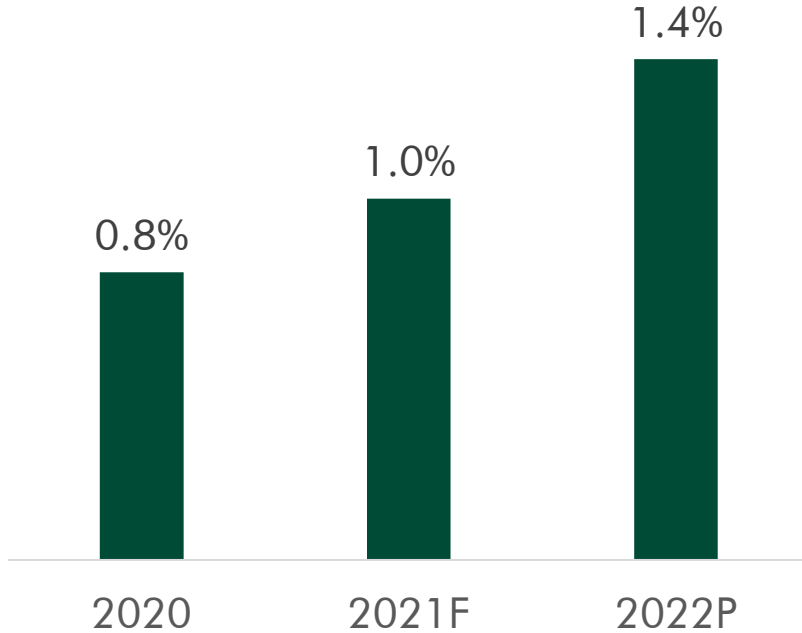
	2019	2020	2021 F	2022 P
Occupancy	69%	32%	39%	53%
ADR	\$163	\$126	\$129	\$144
RevPAR	\$112	\$40	\$50	\$77



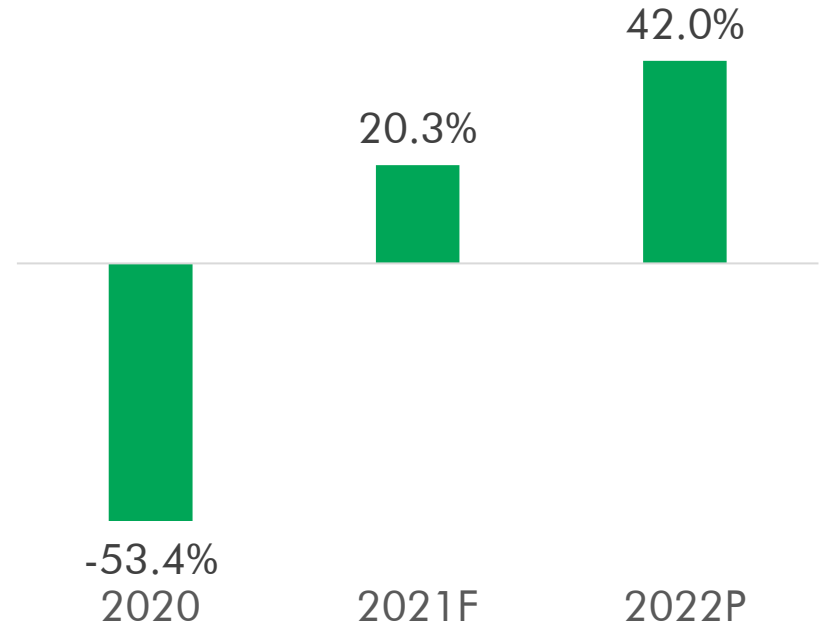
# NATIONAL OUTLOOK

# NATIONAL SUPPLY AND DEMAND OUTLOOK

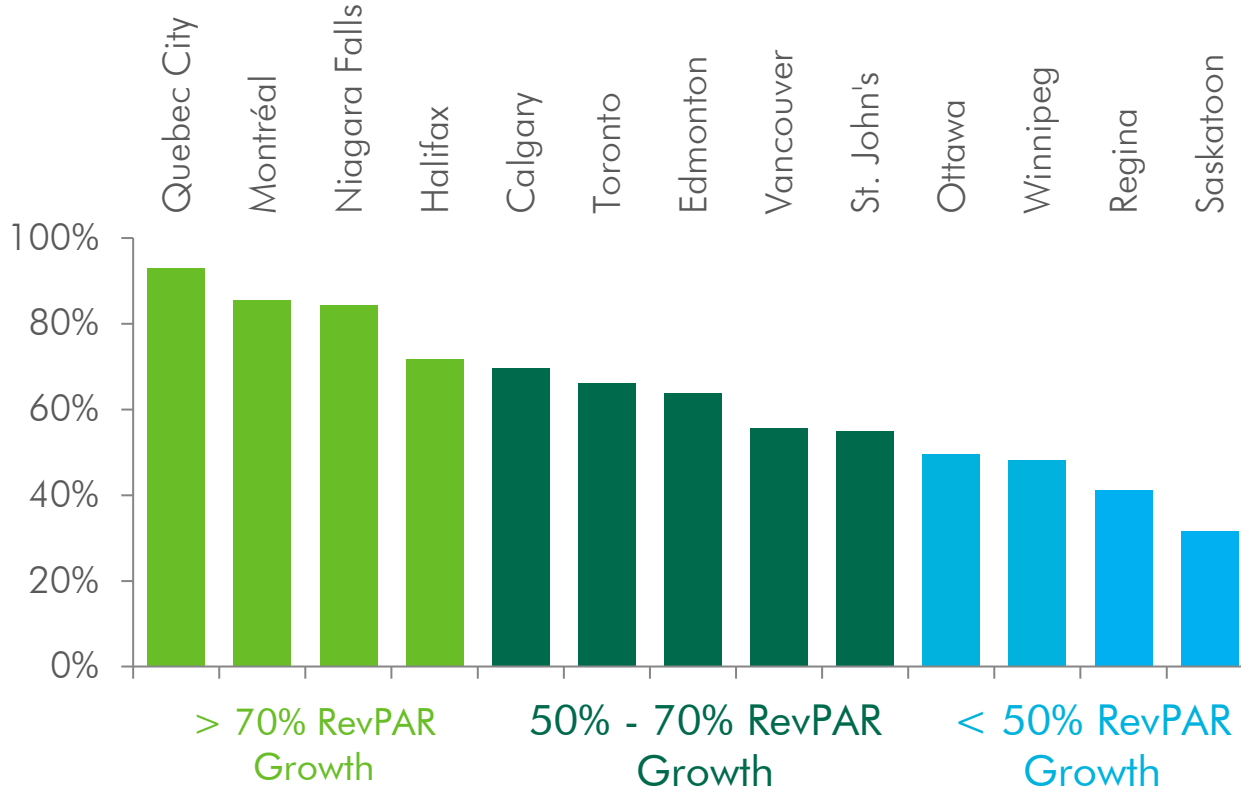
## Supply Change



## Demand Change



# 2022 MAJOR MARKET OUTLOOKS REVPAR PROJECTION



## 2022 RevPAR Ranking

Vancouver	\$97
Quebec City	\$92
Niagara Falls	\$87
Montréal	\$79
Toronto	\$78
Ottawa	\$66
Halifax	\$64
Winnipeg	\$54
St. John's	\$54
Calgary	\$53
Saskatoon	\$51
Edmonton	\$45
Regina	\$44

\*"Major Markets" refer to Greater Metro Areas

# NATIONAL ADR, REVPAR OUTLOOK

## Demand Growth

2020 Actual	-53.4%
2021 Forecast	20.3%
2022 Projection	42.0%

## ADR Growth

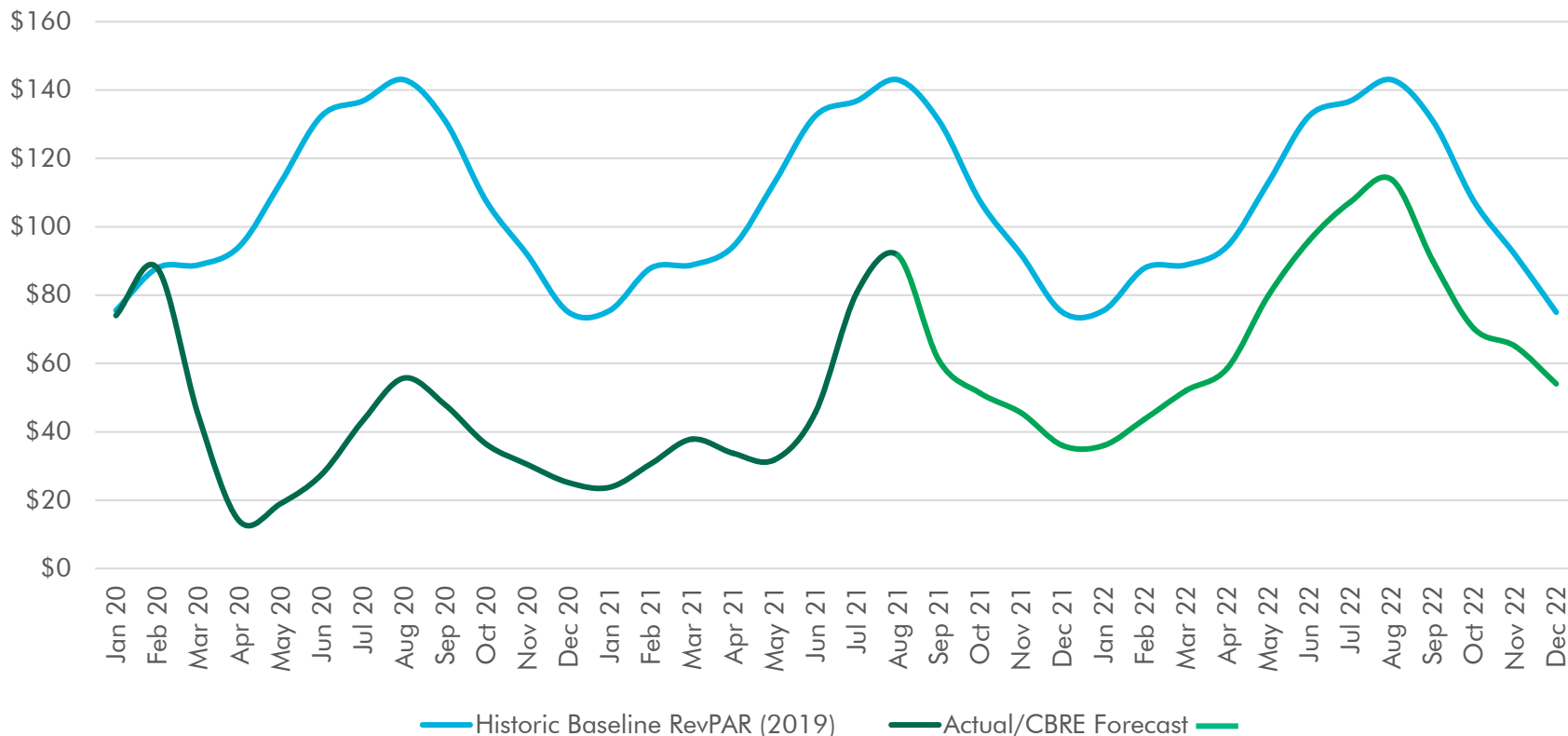
2020 Actual	-21.4%
2021 Forecast	2.6%
2022 Projection	9.2%

## RevPAR Growth

2020 Actual	-63.7%
2021 Forecast	22.2%
2022 Projection	52.8%

	2019	2020	2021 F	2022 P
Occupancy	65%	30%	36%	50%
ADR	\$163	\$128	\$132	\$144
RevPAR	\$106	\$39	\$47	\$72

# THE CANADIAN REVPAR HISTORIC TREND & OUTLOOK





# 2021-2025 CANADIAN OUTLOOK

## Actual Results

	Occ	ADR	RevPAR	Supply	Demand	Occ	ADR	RevPAR
2019	65%	\$163	\$106	1.4%	1%	-1 pts	5%	5%
2020*	30%	\$128	\$39	0.8%	-48%	-35 pts	-21%	-64%

## Outlook

	Occ	ADR	RevPAR	Supply	Demand	Occ	ADR	RevPAR
2021	36%	\$132	\$47	1.0%	20%	6 pts	3%	22%
2022	50%	\$144	\$72	1.4%	42%	14 pts	9%	53%
2023	59%	\$153	\$90	2.0%	19%	9 pts	7%	24%
2024	63%	\$161	\$102	0.6%	8%	4 pts	5%	13%
2025	65%	\$166	\$107	0.7%	3%	2 pts	3%	6%

\* 2020 performance has been annualized to reflect total inventory



Q & A 

# CBRE Hotels Valuation & Advisory Services

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