GREATER TORONTO HOTEL ASSOCIATION

PKF CONSULTING AND CBRE HOTELS' OUTLOOK FOR THE CANADIAN LODGING SECTOR 2015/2016

September 15, 2015

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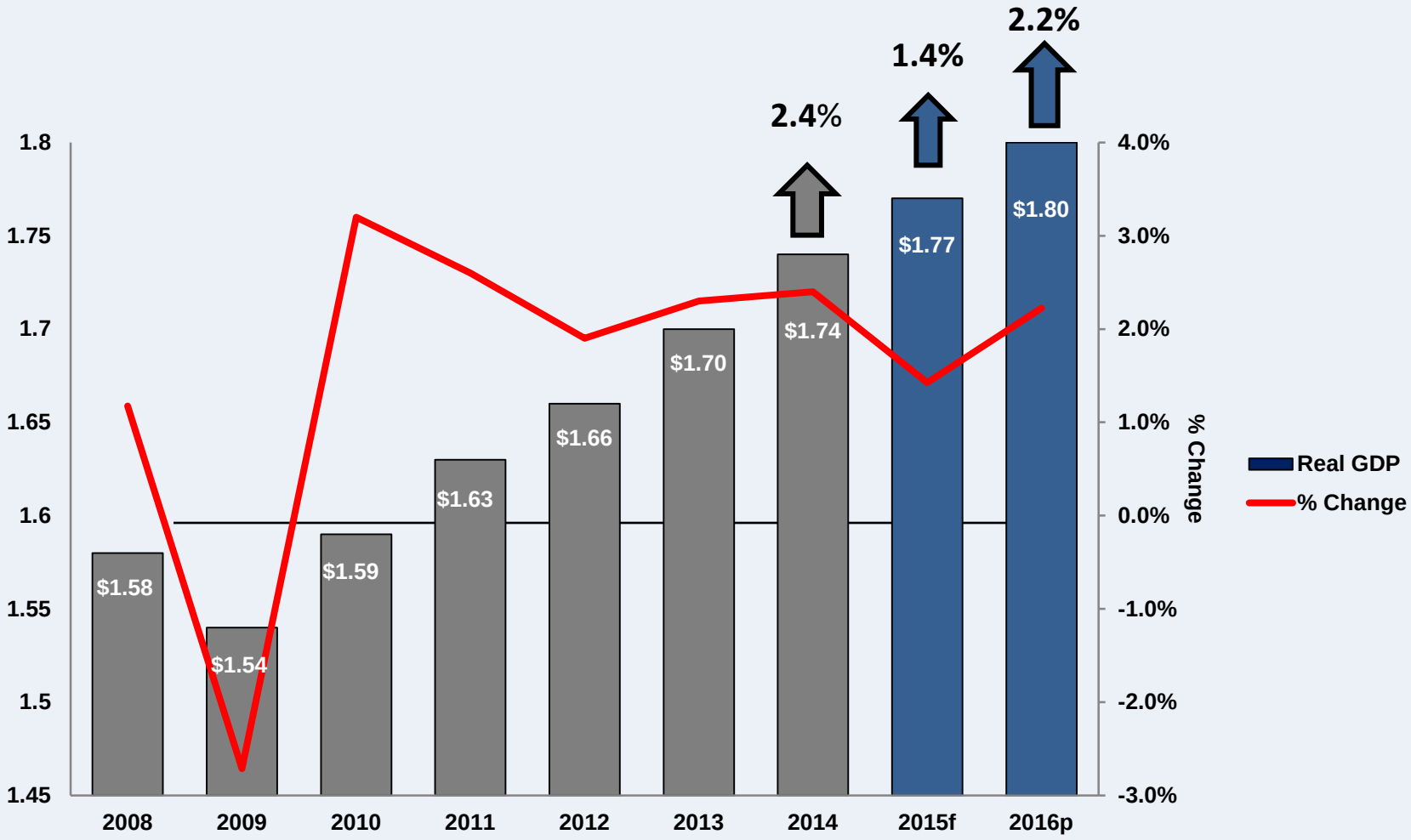
Economic and Travel Outlooks

National Economic Outlook - 2015/16



Source: Statistics Canada, Conference Board of Canada, Canadian Outlook Summer 2015, Scotiabank Group – Global Forecast Update 2015; CIBC World Markets – Monthly FX Outlook, 2015; RBC – Economic and Financial Market Outlook – 2015

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

National Travel Outlook 2015/16

Overnight Travel	2014 Actual	2015 Forecast	2016 Projection
Business Travel Domestic	2.5%	0.3%	2.7%
Pleasure Travel Domestic	2.4%	2.7%	2.2%
Total Domestic Travel	**2.0%**	**2.1%**	**2.1%**
U.S. Travel	**1.1%**	**7.5%**	**3.2%**
Overseas Travel	**9.3%**	**5.0%**	**4.1%**
TOTAL OVERNIGHT TRAVEL	**2.2%**	**2.7%**	**2.3%**
National Accommodation Demand Growth	**3.2%**	**1.0%**	**2.4%**

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2015 Forecast

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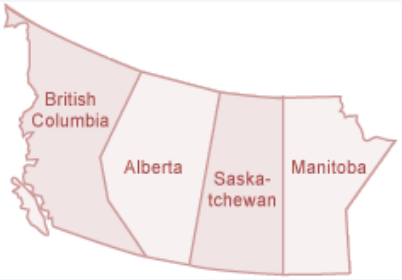
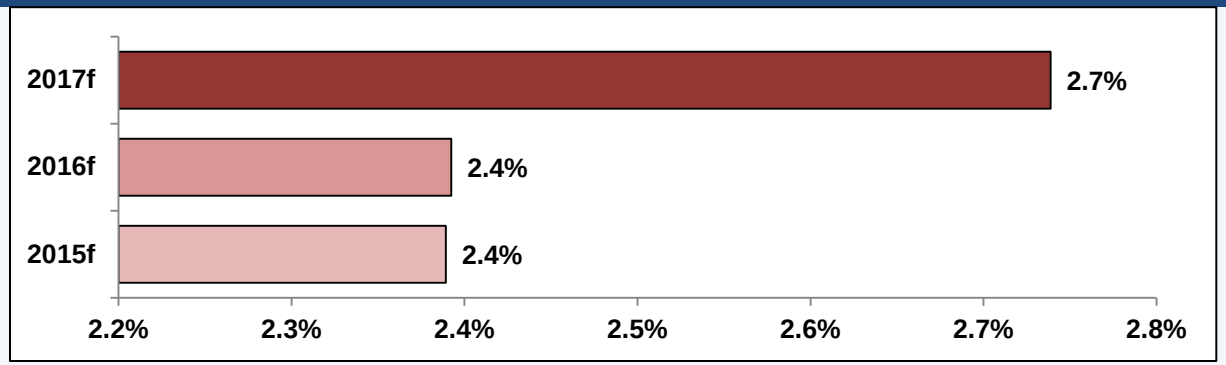
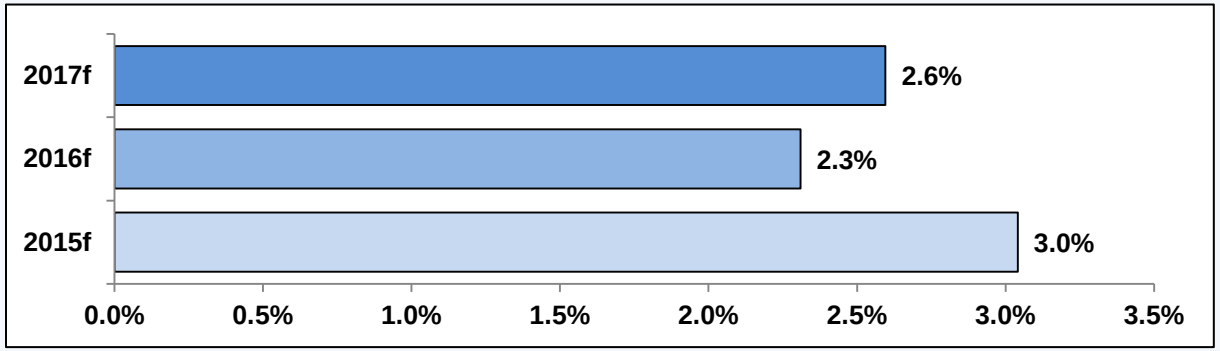
Regional Travel Outlooks - % Growth

Western Canada

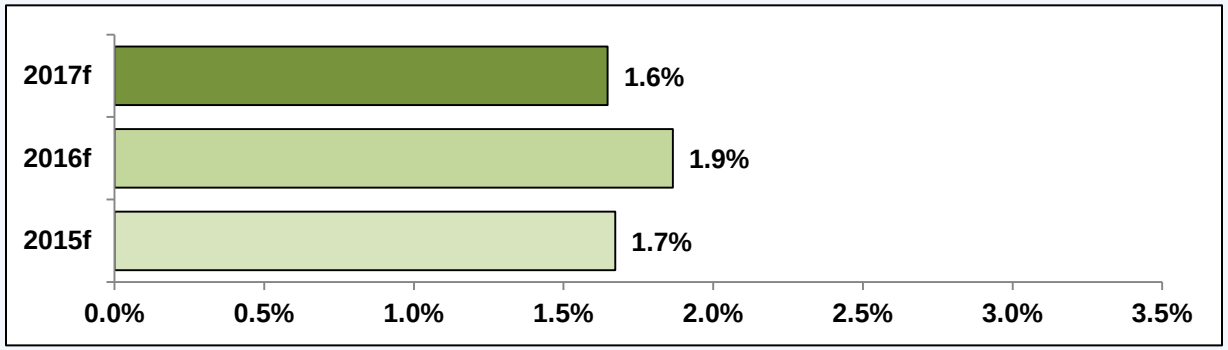




Central Canada



Atlantic Canada



Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2015 Forecast

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National Outlook 2014/2015

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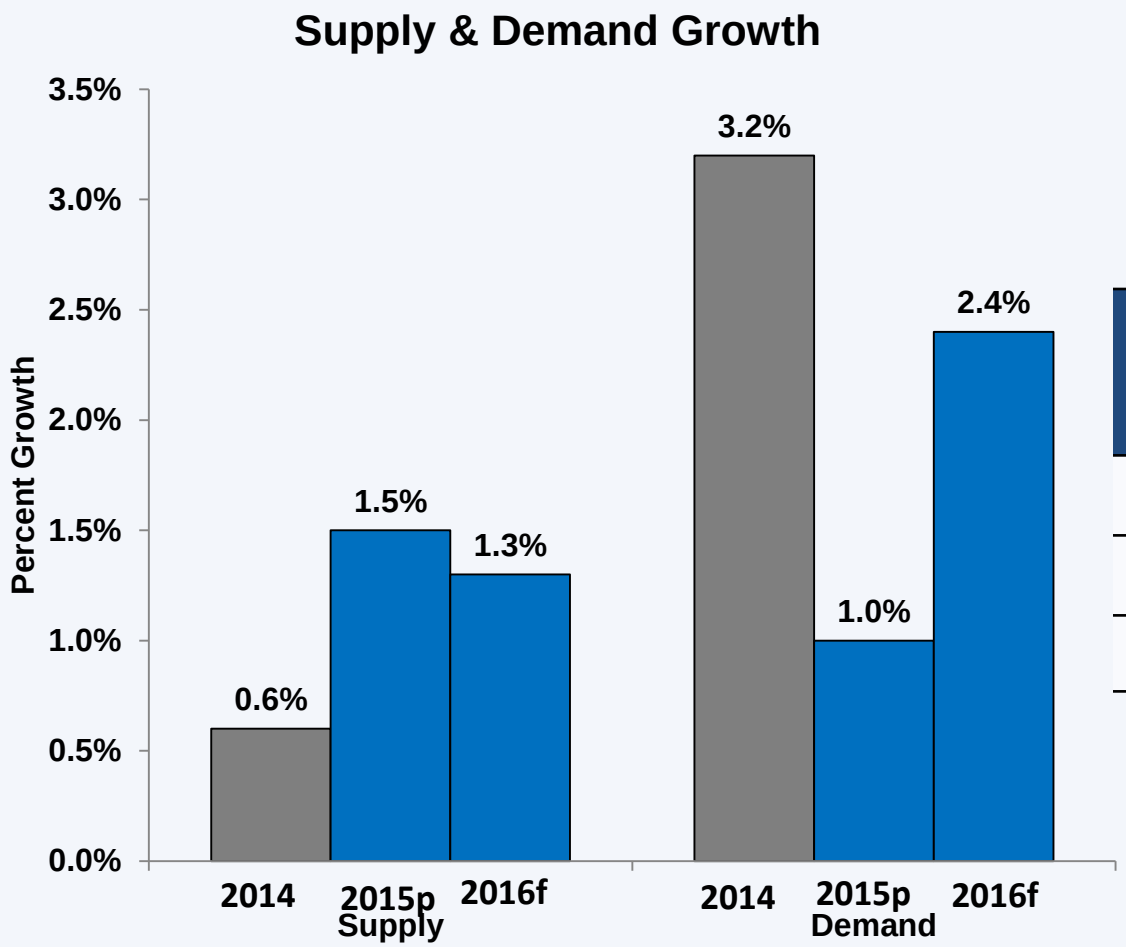
National Supply & Demand Outlook



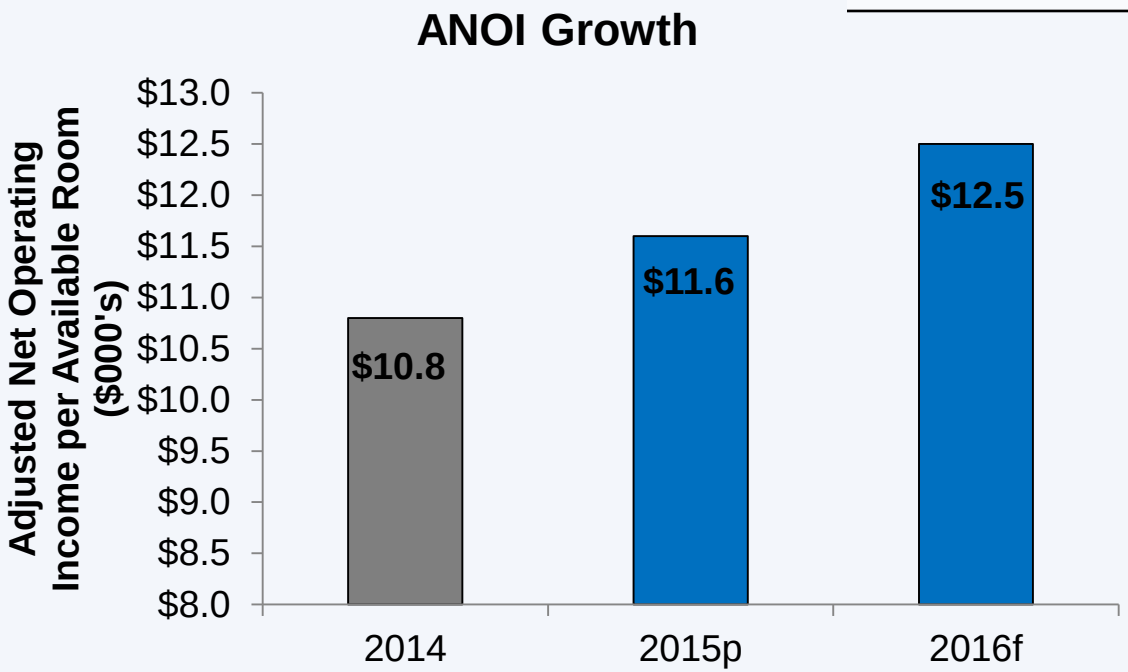
National Occupancy	
2014 Actual	64%
2015 Forecast	64%
2016 Projection	65%

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

National ADR, RevPar & Bottom Line Outlook

National ADR Growth	
2014 Actual	3.7%
2015 Forecast	3.9%
2016 Projection	3.5%

National RevPar Growth	
2014 Actual	6.3%
2015 Forecast	3.4%
2016 Projection	4.7%



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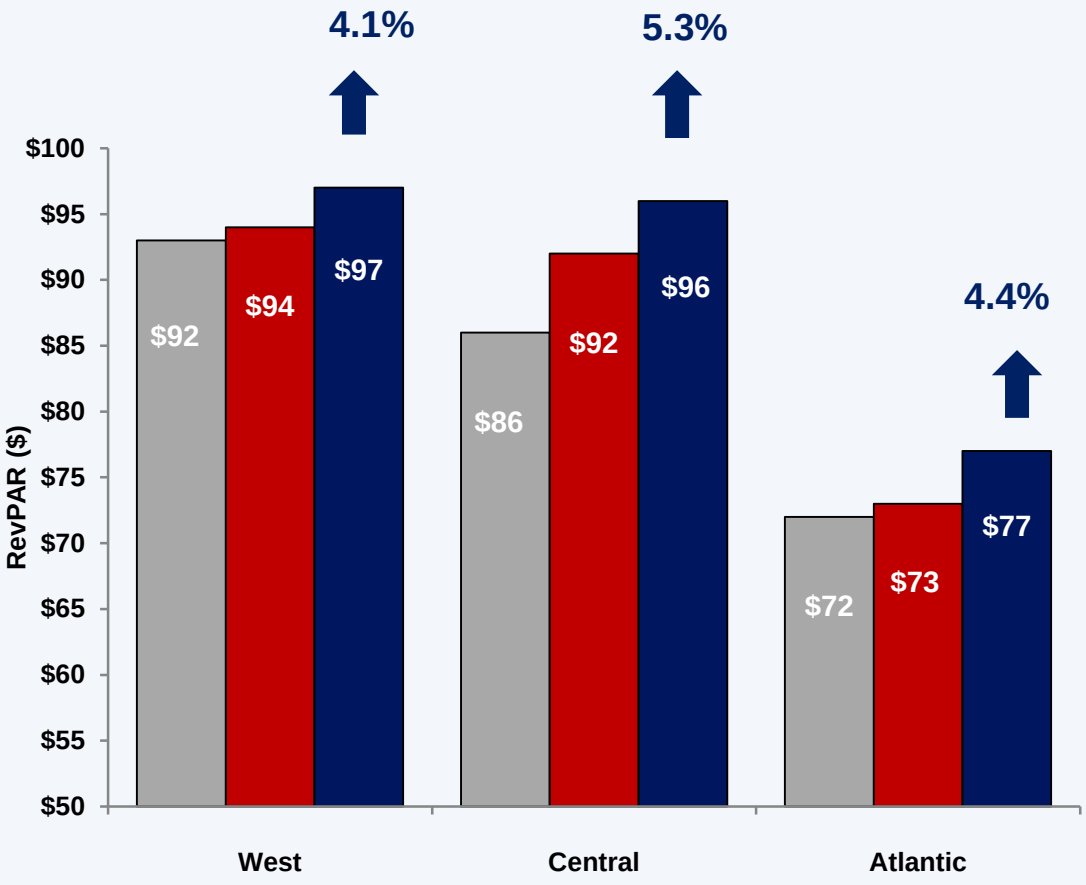
Regional Market and Financial Outlooks

Regional RevPar Outlook



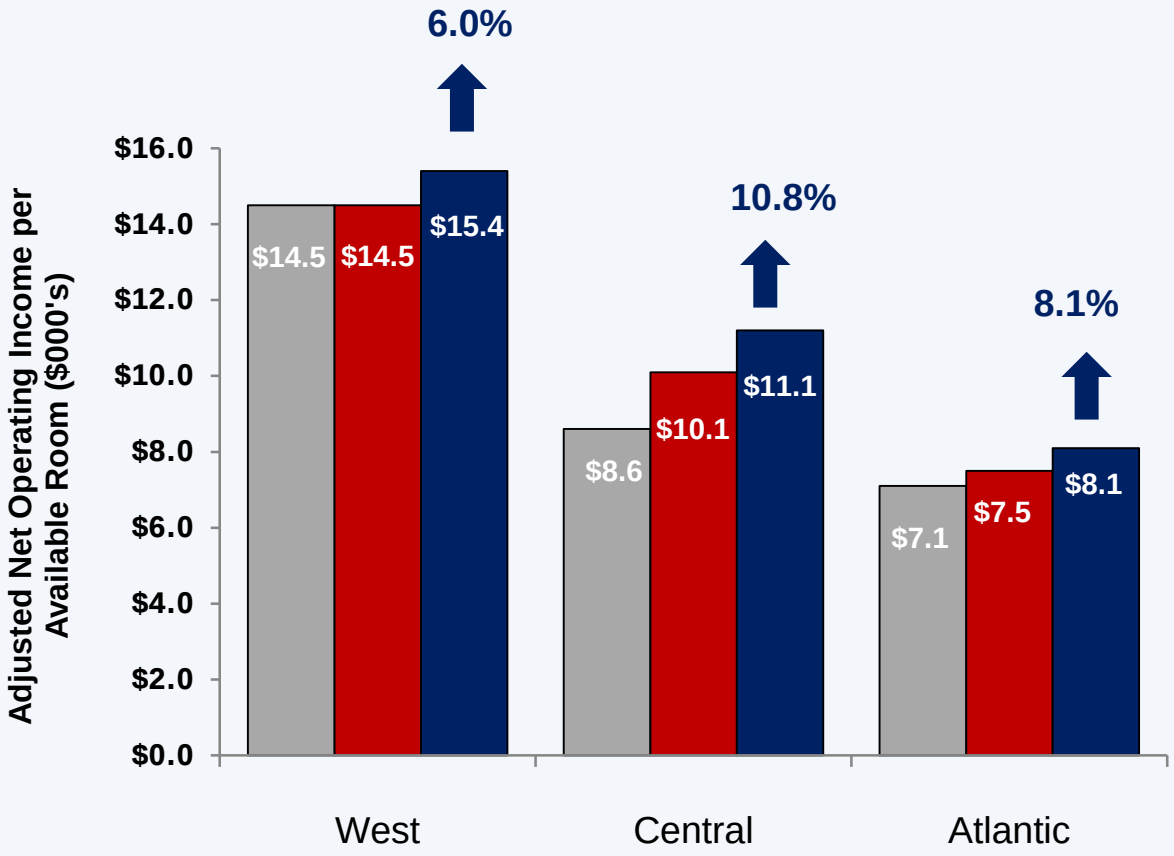
2015 RevPar Growth	
Western	0.9%
Central	6.1%
Atlantic	1.8%

2016 RevPar Growth	
Western	4.1%
Central	5.3%
Atlantic	4.4%

2014	
2015f	
2016p	

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Regional Bottom Line Outlook



2015 ANOI Growth	
Western	(0.2%)
Central	16.7%
Atlantic	5.4%

2016 ANOI Growth	
Western	6.0%
Central	10.8%
Atlantic	8.1%

2014	
2015f	
2016p	

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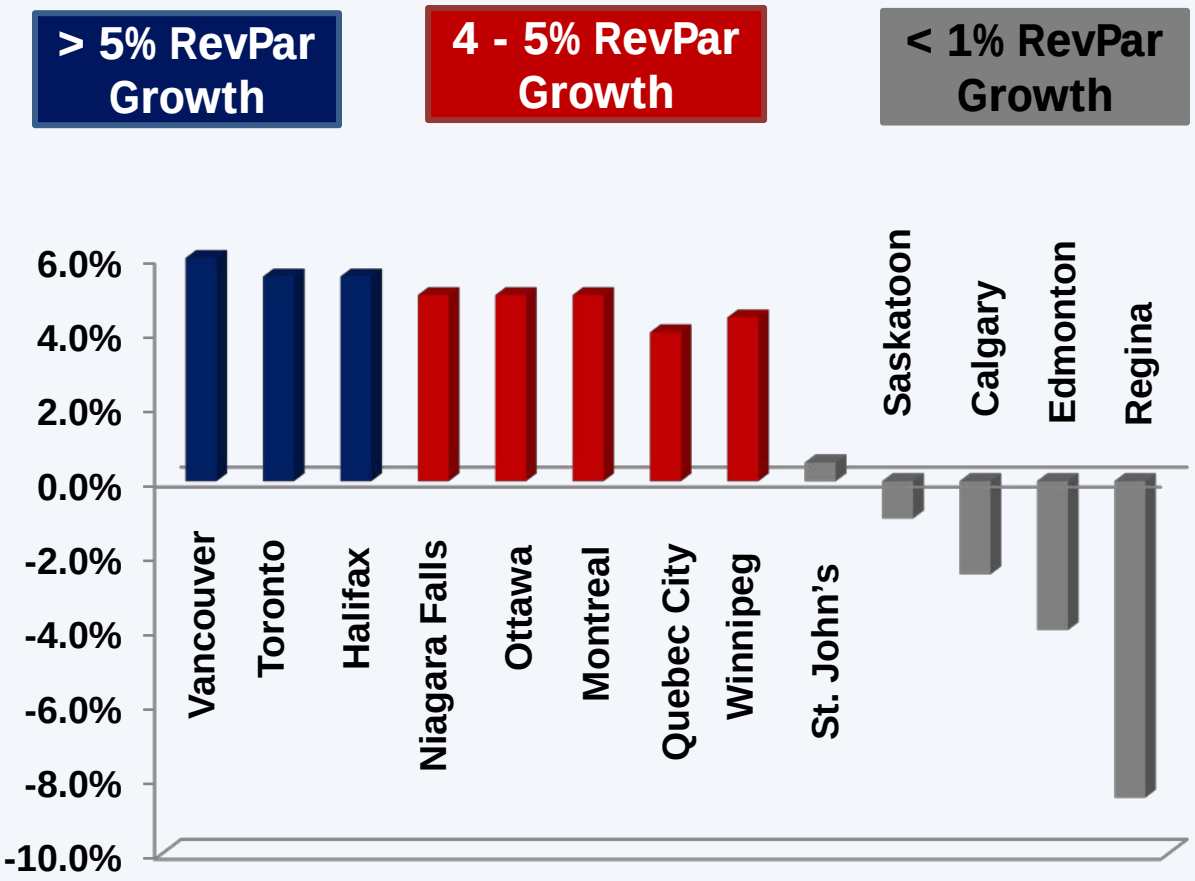
Major Market Outlooks

Major Market Outlooks*
RevPar Projection - 2016



2016 RevPAR Ranking	
Vancouver	$126
Ottawa	$116
Montreal	$114
Toronto	$107
St. John's	$107
Quebec City	$105
Calgary	$104
Saskatoon	$99
Niagara Falls	$97
Halifax	$87
Edmonton	$83
Winnipeg	$81
Regina	$73

* 'Major Markets' refer to Greater Metro Areas

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Economic and Travel Outlook for the GTA

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GTA Economic Indicators

	2014 Actual	2015 Forecast	2016 Projection
Manufacturing Employment	(3.1%)	0.2%	2.1%
Construction Employment	(2.3%)	5.4%	4.6%
Service Sector Employment	0.4%	1.9%	2.4%
GDP Growth	**2.9%**	**3.1%**	**3.2%**

Source: Conference Board of Canada

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

GTA Travel Indicators

	2014 Estimate	2015 Forecast	2016 Projection
Business Travel Overnight Domestic	1.8%	3.6%	1.7%
Pleasure Travel Overnight Domestic	2.3%	7.0%	0.4%
U.S. Overnight Travel	0.4%	5.7%	1.7%
Overseas Overnight Travel	11.4%	7.1%	4.0%
TOTAL OVERNIGHT TRAVEL	**2.6%**	**4.3%**	**1.9%**
DEMAND GROWTH	**2.5%**	**2.7%**	**2.2%**

Source: Canadian Tourism Research Institute, Conference Board of Canada, Spring 2015 Forecast

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Major Conventions 2016

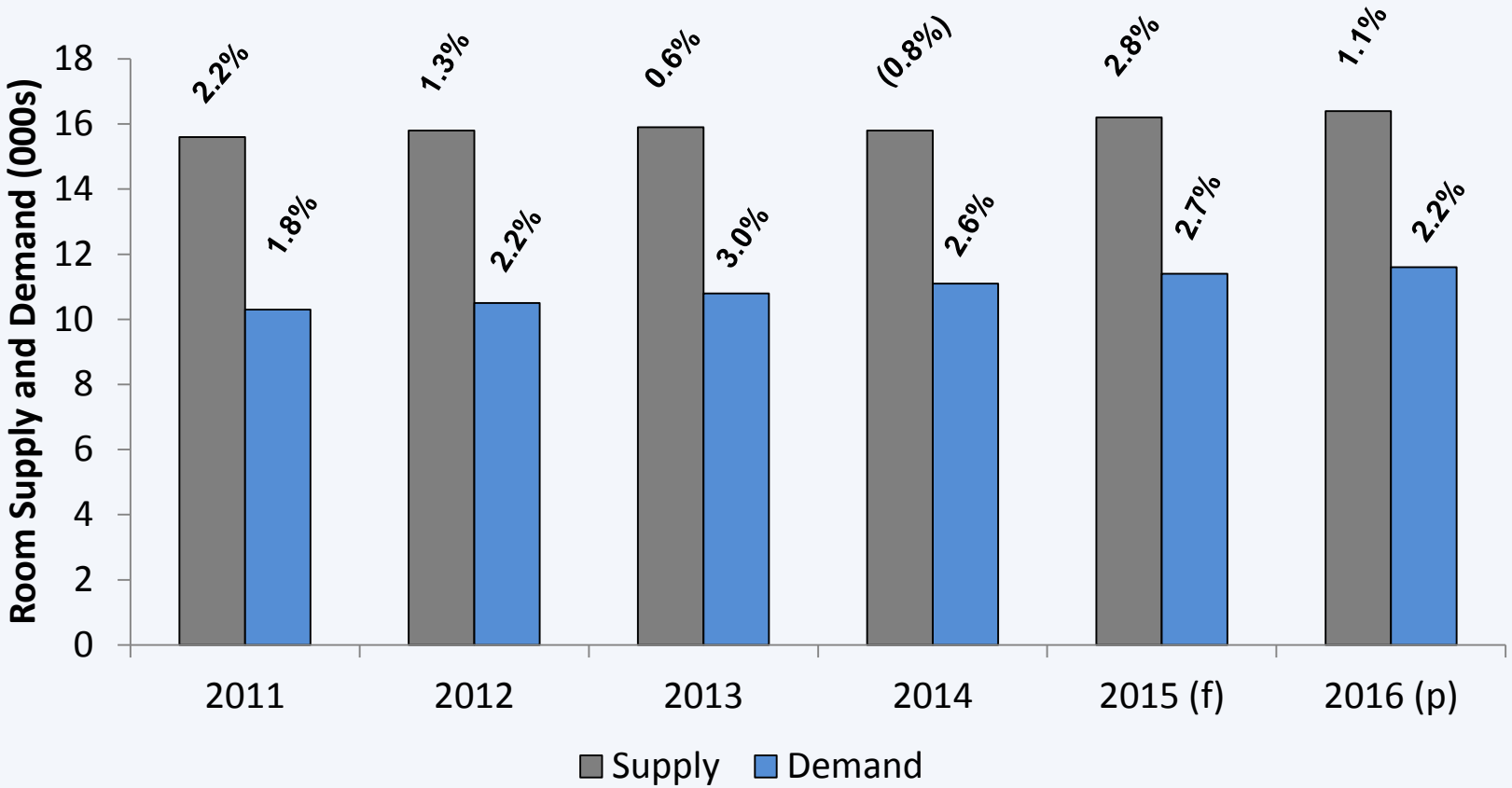
Conventions*	Occupied Room Nights
National Basketball Association (February)	27,720
Little Native Hockey League (March)	10,000
Government Finance Officers Association (May)	13,530
Confidential Corporate Meeting (May)	17,500
Confidential Meeting (June)	13,020
Microsoft Corporation	65,930

**Only lists conventions of 10,000+ ORN*
Source: Tourism Toronto

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

GTA Overall & Sub-Markets Market & Financial Outlooks

GTA Accommodation Supply & Demand



Note: Room supply is year round supply greater than 29 rooms.

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Market Outlook – GTA Overall

	2013	2014	2015F	2016P
TOTAL GTA				
Rooms	43,505	43,160	44,360	44,845
Occupancy	68%	70%	70%	71%
ADR	$134	$139	$145	$151
RevPar	$91	$97	$102	$107

%chg	2013	2014	2015F	2016P
Supply	0.6%	(0.8%)	2.8%	1.1%
Demand	3.0%	2.6%	2.7%	2.2%
ADR	2.7%	3.7%	4.3%	4.5%
RevPar	5.2%	7.2%	4.2%	5.6%

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Market Outlook – Downtown Toronto

	2013	2014	2015F	2016P
DOWNTOWN				
Rooms	16,770	16,816	17,350	17,754
Occupancy	74%	75%	74%	74%
ADR	$168	$177	$187	$196
RevPar	$125	$132	$137	$144

%chg	2013	2014	2015F	2016P
Supply	(0.4%)	0.3%	3.2%	2.3%
Demand	0.0%	0.7%	1.6%	2.5%
ADR	4.1%	5.3%	5.5%	5.0%
RevPar	4.5%	5.7%	3.9%	5.2%

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Market Outlook – GTA Airport

	2013	2014	2015F	2016P
AIRPORT				
Rooms	8,121	8,121	8,121	8,121
Occupancy	71%	73%	74%	74%
ADR	$107	$112	$117	$122
Revpar	$76	$82	$87	$91

%chg	2013	2014	2015F	2016P
Supply	1.9%	0.0%	0.0%	0.0%
Demand	5.4%	2.5%	1.5%	0.0%
ADR	(1.0%)	4.6%	4.5%	4.5%
Revpar	2.5%	7.3%	6.1%	4.5%

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Market Outlook – GTA West

	2013	2014	2015F	2016P
WEST				
Rooms	8,505	8,384	8,524	8,605
Occupancy	63%	67%	68%	69%
ADR	$106	$108	$113	$117
Revpar	$67	$73	$76	$81

%chg	2013	2014	2015F	2016P
Supply	0.9%	(1.4%)	1.7%	1.0%
Demand	5.1%	5.7%	2.5%	3.0%
ADR	2.4%	1.8%	4.0%	4.0%
Revpar	6.6%	9.1%	4.8%	6.1%

Source: PKF Consulting Inc., a CBRE Company with reproduction and use of information subject to Disclaimer and Restrictions as detailed at www.pkfcanada.com

Market Outlook – GTA East/North

	2013	2014	2015F	2016P
EAST/NORTH				
Rooms	10,109	9,839	10,365	10,365
Occupancy	61%	65%	65%	67%
ADR	$115	$116	$118	$122
RevPar	$70	$75	$77	$82

%chg	2013	2014	2015F	2016P
Supply	0.9%	(2.7%)	5.3%	0.0%
Demand	5.8%	3.2%	6.0%	3.0%
ADR	3.7%	1.1%	2.2%	3.0%
RevPar	8.7%	7.2%	2.8%	6.1%

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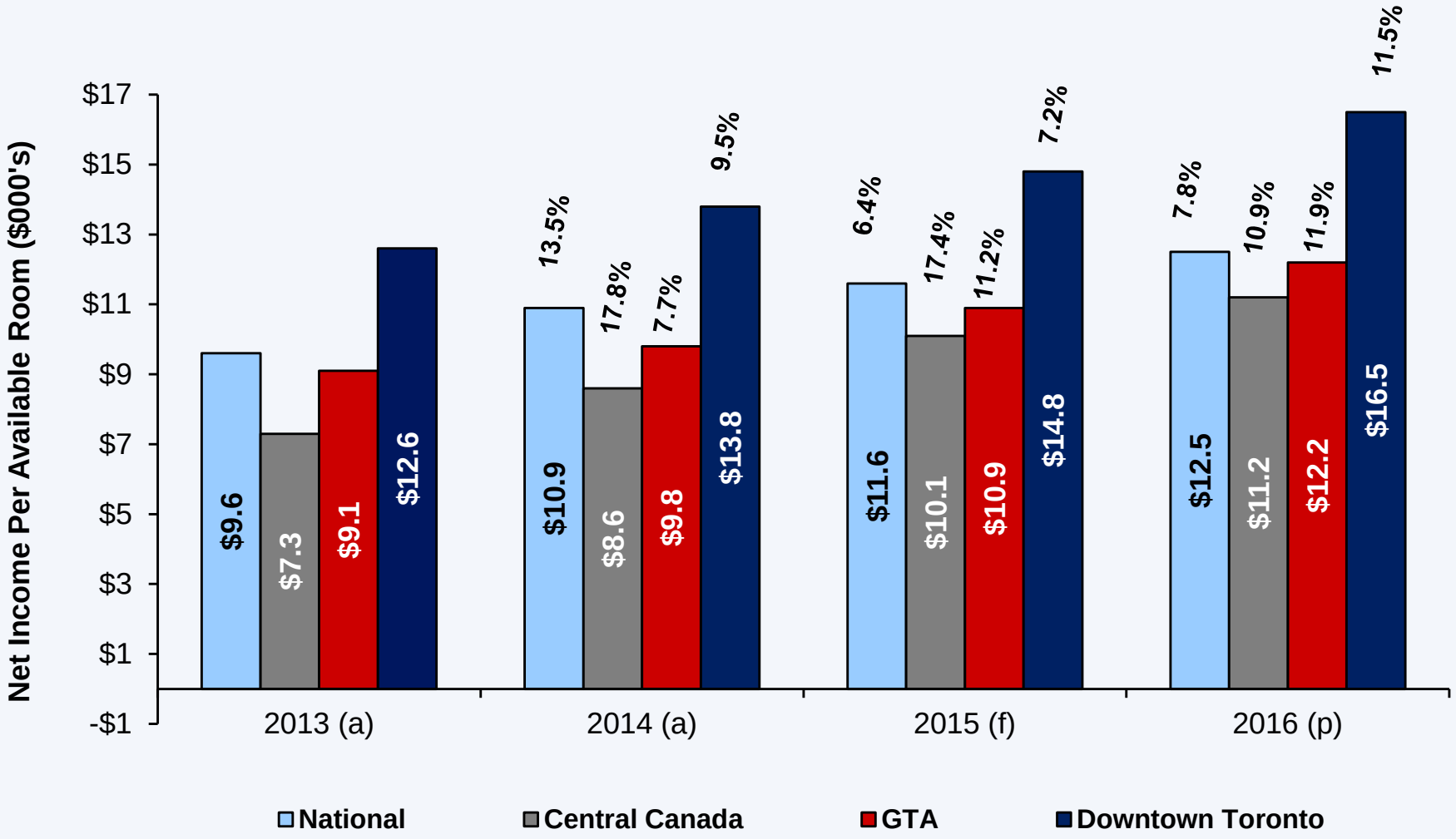
Financial Outlook – GTA



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Concluding Remarks

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