

CBRE Hotels

# Market Update

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September 2022



Nationally, 2023 will see topline performance return to 2019 levels.

#### **Market Update**

This market update report provides a focused look at the performance of Canadian regions, provinces, and major markets. Included herein are the Canadian lodging sector's 2022 updated forecast and new projections for 2023.

# National Overview

## Summer 2022 RevPAR Recovers Beyond 2019

Nationally, Canadian hotels experienced rocket-fueled recovery in 2022, however, the benefits were mostly in topline performance. Gains were made with inflation aiding a faster than expected rate recovery with strong leisure demand boosting occupancies. At the same time, inflation is having a negative effect on expenses and increasing costs below the line. For operators, while topline performance is essentially back to 2019 levels, bottom-line recovery is still a few years away.

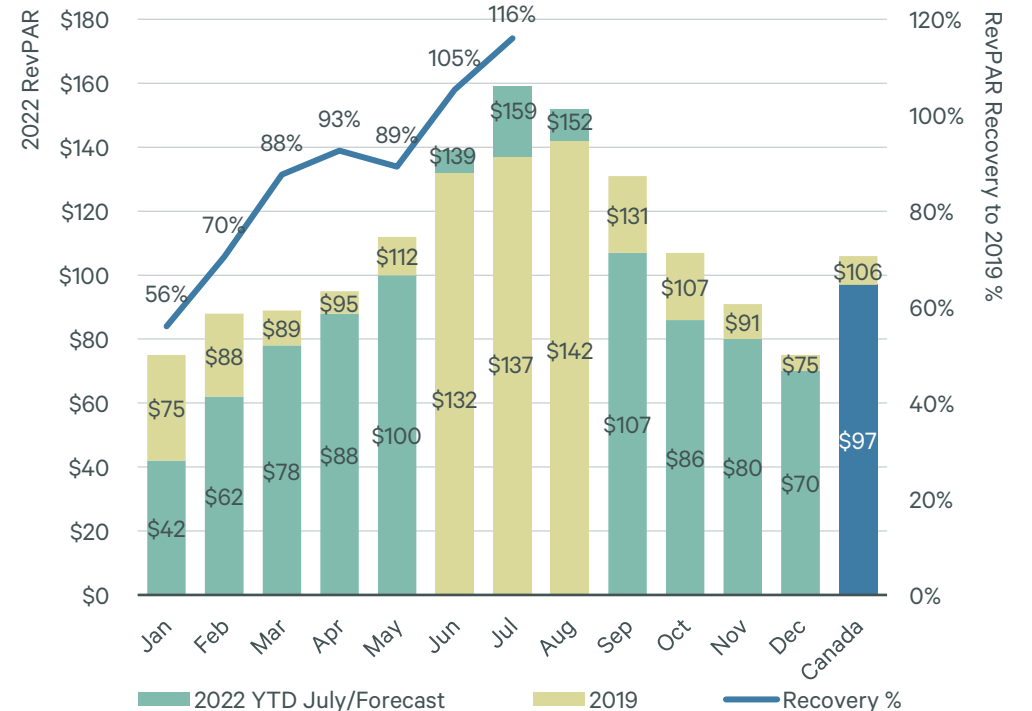
## 2023: Moderate Continued Growth

CBRE projects RevPAR will grow by 11% to reach \$107 in 2023 – back to 2019 levels. This year will bring continued economic growth, with the return of corporate and meeting conference travel, though at modest growth rates compared to 2022.

Domestic leisure demand has fully recovered, but some international travel remains largely absent, depending on the source. Furthermore, markets that depend on group and corporate travel for a significant percent of demand are still facing some challenges in recovery.

While there are talks of an economic downturn, CBRE’s forecast does not take a significant downturn into account at this point, and projects that markets continue to slowly build back segmentation and bottom-line profits.

NATIONAL	2022F	2023 Forecast	2022 - 2023
OCCUPANCY	58%	63%	5 pts ▲
ADR	\$165	\$171	4% ▲
RevPAR	\$97	\$107	11% ▲



# Eastern Canada Provincial Overview

## Eastern Canada Overview

As festival and events come back and Canadians continue to explore their own backyards, Eastern Canada is expected to continue to see strong leisure demand and overall RevPAR grow 12% in 2023 to reach \$114. The region's growth is expected to be led by Quebec with projected RevPAR growth of 17% in 2023, driven equally by increased occupancies and further rate improvements. In Ontario, RevPAR is projected to grow 9% to reach \$111 in 2023 with modest gains in both occupancy and rates. The Atlantic region's RevPAR is projected to grow 5% in 2023 to reach \$81. Atlantic provinces saw strong rate growth in 2022—exceeding 2019 levels at times—and 2023 will be about building back volume in occupied room nights.

CENTRAL CANADA	2022F	2023F	Change 2022 - 2023	
Occupancy	61%	65%	4 pts	▲
ADR	\$168	\$174	4%	▲
RevPAR	\$102	\$114	12%	▲
QUEBEC	2022F	2023F	Change 2022 - 2023	
Occupancy	55%	61%	6 pts	▲
ADR	\$185	\$192	4%	▲
RevPAR	\$101	\$118	17%	▲

ONTARIO	2022F	2023F	Change 2022 - 2023	
Occupancy	62%	65%	3 pts	▲
ADR	\$165	\$170	3%	▲
RevPAR	\$102	\$111	9%	▲
ATLANTIC CANADA	2022F	2023F	Change 2022 - 2023	
Occupancy	55%	57%	2 pts	▲
ADR	\$141	\$141	0%	▲
RevPAR	\$77	\$81	5%	▲



# Eastern Canada

## Major Markets

### Major Market Analysis


While leisure demand is strong, major markets across the country are continuing to struggle with the limited corporate and meeting conference business. However, CBRE believes that 2023 will be the year these segments recover. In Eastern Canada, Montreal is expected to lead the major markets with RevPAR growth of 18% in 2023 to reach \$135. Ottawa, Quebec City, and Toronto are projected to see RevPAR growth in the range of 13% to 14% with gains in occupancy as well as continued growth in ADR. Following a strong rate recovery in 2022, St. John's and Halifax are expected to see modest RevPAR growth as the recovery now becomes a game of building back occupied room nights.

Toronto	2022F	2023F	Change 2022 - 2023	Montreal	2022F	2023F	Change 2022 - 2023	Quebec City	2022F	2023F	Change 2022 - 2023
Occupancy	62%	68%	6 pts ▲	Occupancy	58%	68%	10 pts ▲	Occupancy	57%	62%	5 pts ▲
ADR	\$182	\$188	3% ▲	ADR	\$195	\$200	2% ▲	ADR	\$200	\$207	4% ▲
RevPAR	\$114	\$129	13% ▲	RevPAR	\$114	\$135	18% ▲	RevPAR	\$113	\$128	13% ▲
Ottawa	2022F	2023F	Change 2022 - 2023	Halifax	2022F	2023F	Change 2022 - 2023	St. John's	2022F	2023F	Change 2022 - 2023
Occupancy	59%	65%	6 pts ▲	Occupancy	63%	66%	3 pts ▲	Occupancy	54%	55%	1 pts ▲
ADR	\$163	\$167	2% ▲	ADR	\$162	\$163	1% ▲	ADR	\$137	\$137	0% ▲
RevPAR	\$95	\$108	14% ▲	RevPAR	\$102	\$108	5% ▲	RevPAR	\$74	\$76	2% ▲

# Western Canada Provincial Overview

## Western Canada Overview

CBRE expects 2023 will see segmentation come back in several non-leisure segments, however certain markets that are affected by overnight visitation from Europe and Asia may take longer to recover. Overall, Western Canada is projected to grow by 11% and finish at \$104 in 2023, with modest gains in both occupancy and ADR. Manitoba and Saskatchewan are expected to grow RevPAR by 13% to 14% driven by continued healthy rate and occupancy growth. Excluding resorts, Alberta is expected to see 12% RevPAR growth to reach \$71. British Columbia saw strong growth in 2022 and is expected to see a more modest 9% growth in 2023, bringing RevPAR to \$141.

WESTERN CANADA	2022F	2023F	Change 2022 - 2023	ALBERTA (EXCL. RESORTS)	2022F	2023F	Change 2022 - 2023	BRITISH COLUMBIA	2022F	2023F	Change 2022 - 2023
Occupancy	57%	60%	3 pts ▲	Occupancy	51%	54%	3 pts ▲	Occupancy	64%	68%	4 pts ▲
ADR	\$165	\$172	4% ▲	ADR	\$124	\$131	5% ▲	ADR	\$201	\$209	4% ▲
RevPAR	\$94	\$104	11% ▲	RevPAR	\$64	\$71	12% ▲	RevPAR	\$129	\$141	9% ▲
MANITOBA	2022F	2023F	Change 2022 - 2023	SASKATCHEWAN	2022F	2023F	Change 2022 - 2023	 <p><b>Want monthly insights?</b> Sign up for our <a href="#">National Market Report</a>. Detailed Canadian hotel data delivered straight to your inbox every month.</p>			
Occupancy	58%	64%	6 pts ▲	Occupancy	51%	55%	4 pts ▲				
ADR	\$128	\$134	4% ▲	ADR	\$121	\$126	5% ▲				
RevPAR	\$74	\$85	14% ▲	RevPAR	\$61	\$69	13% ▲				

# Western Canada Major Markets

## Major Market Analysis

Similar to eastern markets, leisure demand remains a strong driver in western major markets, but the lack of corporate and meeting conference business in 2021 and 2022 was a hindrance to occupancy recovery. In 2023, CBRE believes these segments will recover and major markets in Western Canada are expected to see a lift in non-peak periods with the return of more diversified segmentation. Regina and Saskatoon are expected to see 15% and 16% RevPAR growth in 2023; both markets are not expecting any new supply, so all gains in demand translate directly to gains in occupancy. Edmonton and Winnipeg are projected to grow RevPAR by 14% and 15% driven by both occupancy and rate growth. Calgary and Vancouver are expected to grow by 12% and 13% RevPAR, with Vancouver's RevPAR reaching \$182 in 2023.

Vancouver	2022F	2023F	Change 2022 - 2023	Calgary	2022F	2023F	Change 2022 - 2023	Edmonton	2022F	2023F	Change 2022 - 2023
Occupancy	71%	76%	5 pts ▲	Occupancy	55%	58%	3 pts ▲	Occupancy	51%	56%	5 pts ▲
ADR	\$227	\$239	5% ▲	ADR	\$146	\$156	7% ▲	ADR	\$122	\$129	5% ▲
RevPAR	\$161	\$182	13% ▲	RevPAR	\$81	\$91	12% ▲	RevPAR	\$63	\$72	14% ▲
Regina	2022F	2023F	Change 2022 - 2023	Saskatoon	2022F	2023F	Change 2022 - 2023	Winnipeg	2022F	2023F	Change 2022 - 2023
Occupancy	50%	55%	5 pts ▲	Occupancy	54%	59%	5 pts ▲	Occupancy	63%	68%	5 pts ▲
ADR	\$122	\$127	4% ▲	ADR	\$126	\$132	5% ▲	ADR	\$133	\$141	6% ▲
RevPAR	\$61	\$70	15% ▲	RevPAR	\$68	\$78	16% ▲	RevPAR	\$84	\$96	15% ▲

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