

Canadian Lodging Outlook

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HVS HOSPITALITY
VALUATION
INTERNATIONAL SERVICES



SMITH TRAVEL RESEARCH

2001 was a great year if you were in Edmonton!

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Canada's year end occupancy was 60.3%, down from 62.3% in 2000. Hotel room night demand was down 3.2%; however, the average room rate was up by exactly 3.2%, from \$99.67 in 2000 to \$102.84 in 2001. Prior to September 11th, the Canadian hotel market was already experiencing a slow down in occupancy, average room rate, and RevPAR. With the continued slowing of the economy during 2001, and the September 11th terrorist attacks, the hospitality industry was faced with a high number of cancellations and consumers unwilling to travel. With that being said, RevPAR for 2001 is sitting at \$62.01 just about equal to \$62.09 in 2000. Although occupancy declined, the average room rate has continued to climb.

Occupancy in the United States was 60.2% in 2001, down from 63.7% in 2000. RevPAR was down 7.0%. The largest RevPAR declines were reported by luxury/upscale hotels at 20.0% to 22.0%. The smallest declines were by

midscale hotels with out food and beverage, which reported RevPAR drops in the 3.0% to 5.0% range.

All provinces except Prince Edward Island and Newfoundland, reported declines in occupancy ranging from 1.2% to 6.1%. All provinces except Prince Edward Island and Alberta, reported an increase in average room rate of 1.2% to 4.3%.

Of our major cities, Toronto led the market in terms of RevPAR decline, down 3.4% from \$116.02 in 2000 to \$110.86. Montreal followed with a 1.0% RevPAR decline from \$87.63 in 2001 to \$88.71. Vancouver reported \$85.48 RevPAR in 2001, down 1.0% from \$88.02 in 2000. Ottawa stayed even in 2001 with a RevPAR of \$85.76 compared to \$85.77 in 2000. Calgary's 2001 RevPAR was \$71.66, down 0.9% from \$75.57 in 2000. With the boom in the oil and gas industry, Edmonton reported a significant increase in RevPAR at \$59.06 in 2001

compared to \$52.78 in 2000, a 12.8% increase.

For 2002, some experts are predicting a further decline in occupancy to below 60.0%, while others are projecting that occupancy will stabilize and supply will increase very slowly. HVS International-Canada is projecting no growth in demand the first and second quarters of 2002, and limited growth in demand the third and fourth quarters in the major urban areas, with the exception of Edmonton. Edmonton is projected to be one of the fastest growing cities in the country next year. Also, some small rural areas are experiencing growth, especially in the Alberta. Overall, it is a market by market judgement call.

A five-year analysis of major Canadian cities RevPAR growth reflects higher than inflationary increases for Toronto, Montreal, Ottawa, and Edmonton. Calgary hotels reported slight growth, and RevPAR for Vancouver hotels declined.

RevPAR Analysis for Major Canadian Cities						Compound Annual Growth
	1997	1998	1999	2000	2001	
Toronto	\$89.43	\$102.93	\$113.43	\$116.02	\$110.86	5.5%
Montreal	\$65.57	\$76.38	\$83.66	\$88.71	\$87.63	7.5%
Vancouver	\$91.71	\$88.72	\$90.15	\$88.02	\$85.48	-1.7%
Ottawa	\$63.67	\$68.93	\$71.54	\$85.77	\$85.76	6.1%
Calgary	\$70.19	\$78.62	\$75.13	\$75.57	\$71.66	0.5%
Edmonton	\$45.76	\$50.13	\$50.82	\$52.78	\$59.06	6.6%

Source: Smith Travel Research



CANADIAN LODGING OUTLOOK
HVS INTERNATIONAL - CANADA

December 2001	Number of Rooms	Occupancy Rate (%)		Average Room Rate (\$)		RevPAR (\$)		Room Supply % change	Room Demand % change
		2001	2000	2001	2000	2001	2000		
Nova Scotia Area	1,231	37.4%	39.5%	\$65.05	\$68.15	\$24.33	\$26.92	0.0%	-5.2%
Halifax, NS	2,599	36.6%	42.7%	\$91.19	\$97.90	\$33.38	\$41.80	5.6%	-9.4%
Montreal, QC	14,995	45.5%	47.7%	\$115.25	\$123.02	\$52.44	\$58.68	2.2%	-2.4%
Quebec City, QC	3,623	44.2%	40.1%	\$92.62	\$99.67	\$40.94	\$39.97	2.3%	12.8%
Quebec Area	3,568	41.2%	40.0%	\$71.24	\$72.42	\$29.35	\$28.97	0.7%	3.7%
Toronto Downtown	12,271	44.0%	45.9%	\$125.99	\$141.06	\$55.44	\$64.75	0.1%	-3.9%
Toronto North/East	6,079	45.2%	47.3%	\$102.28	\$102.36	\$46.23	\$48.42	-4.3%	-8.6%
Toronto Airport/West	9,589	46.7%	55.9%	\$108.24	\$106.28	\$50.55	\$59.41	4.3%	-12.7%
Ottawa, ON	7,346	45.6%	48.0%	\$110.83	\$117.21	\$50.54	\$56.26	0.5%	-4.5%
Ontario East	4,891	38.8%	40.7%	\$86.32	\$85.40	\$33.49	\$34.76	0.2%	-4.6%
Niagara Falls, ON	5,275	33.2%	30.9%	\$105.69	\$95.05	\$35.09	\$29.37	2.3%	9.7%
Ontario Southwest	5,594	41.5%	42.0%	\$92.76	\$90.57	\$38.50	\$38.04	0.4%	-0.7%
Ontario North	4,262	40.7%	41.6%	\$83.36	\$81.82	\$33.93	\$34.04	0.3%	-1.9%
Ontario Central	6,635	45.0%	46.6%	\$88.16	\$89.32	\$39.67	\$41.62	1.1%	-2.4%
Winnipeg, MB	3,289	47.2%	48.0%	\$77.56	\$85.98	\$36.61	\$41.27	0.2%	-1.6%
Regina/Saskatoon, SK	3,686	45.3%	45.6%	\$79.61	\$76.34	\$36.06	\$34.81	1.6%	0.8%
Calgary, AB	7,387	44.6%	43.1%	\$91.12	\$102.34	\$40.64	\$44.11	1.0%	4.5%
Edmonton, AB	4,556	50.1%	44.5%	\$77.70	\$82.42	\$38.93	\$36.68	0.0%	12.7%
Alberta Area	5,698	44.2%	47.5%	\$79.92	\$78.23	\$35.32	\$37.16	1.3%	-5.8%
Mountain Regions, AB	2,016	48.1%	51.3%	\$122.17	\$169.68	\$58.76	\$87.05	-6.8%	-12.5%
Vancouver, BC	11,571	42.4%	42.3%	\$93.49	\$106.86	\$39.64	\$45.20	1.9%	2.2%
British Columbia Area	4,927	33.1%	30.7%	\$70.38	\$67.81	\$23.30	\$20.82	0.7%	8.8%
Victoria, BC	3,326	38.8%	36.5%	\$79.25	\$92.27	\$30.75	\$33.68	1.7%	8.0%
Provinces									
Alberta	19,657	46.1%	45.7%	\$87.75	\$100.75	\$40.45	\$46.04	-0.3%	0.7%
British Columbia	23,113	41.7%	41.1%	\$109.19	\$125.86	\$45.53	\$51.73	1.2%	2.7%
Manitoba	3,611	46.8%	47.7%	\$77.33	\$85.30	\$36.19	\$40.69	0.7%	-1.2%
New Brunswick	2,926	39.9%	42.8%	\$73.51	\$74.28	\$29.33	\$31.79	0.0%	-6.8%
Newfoundland	1,521	42.3%	44.5%	\$75.24	\$89.37	\$31.83	\$39.77	0.0%	-4.9%
Nova Scotia	3,830	36.9%	41.5%	\$82.53	\$87.15	\$30.45	\$36.17	1.6%	-9.7%
Northwest Territories	INS	INS	INS	INS	INS	INS	INS	INS	INS
Ontario	61,503	43.1%	45.5%	\$104.81	\$107.65	\$45.17	\$48.98	0.7%	-4.5%
Prince Edward Island	784	25.6%	26.4%	\$48.65	\$52.33	\$12.45	\$13.82	0.0%	-2.8%
Quebec	22,625	44.3%	44.8%	\$104.87	\$111.77	\$46.46	\$50.07	1.6%	0.4%
Saskatchewan	5,180	43.3%	43.1%	\$74.36	\$72.28	\$32.20	\$31.15	1.6%	2.1%
Yukon Territory	274	23.4%	28.9%	\$66.49	\$62.68	\$15.56	\$18.11	0.0%	-18.9%
Canada	145,024	41.4%	41.9%	\$89.17	\$92.88	\$36.92	\$38.92	0.8%	-0.4%

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CANADIAN LODGING OUTLOOK

DEFINITIONS

Occupancy:	The ratio of total occupied rooms to total available rooms.
Average Room Rate:	Defined as room sales divided by the total number of rooms occupied.
RevPAR:	The application of a hotel's average occupancy to its average room rate and a true indicator of the property's ability to generate revenue. It is calculated by multiplying the occupancy by the average room rate.
Number of Rooms:	The total number of rooms at participating hotels.



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The Hotel Association of Canada is a federation of provincial and territorial associations, hotel chains and suppliers with a mandate to represent members nationally and internationally and to provide cost-effective services that stimulate and encourage a free market accommodation industry.

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