

# Canadian October 2005 Lodging Outlook



SMITH TRAVEL RESEARCH

## The Facts About Induced Demand

By: Gregory Hartmann - HVS International - Boulder

**T**here has been a great deal of controversy surrounding the issue of large meeting and convention oriented hotels and their ability to induce demand to a market. Several pundits have gone so far as to say hotels do not ever induce demand to a market, but merely siphon existing demand away from the existing hotel base. As an appraiser and feasibility consultant who worked on studies for new convention hotels in the late 1980's like the Marriott Rivercenter in San Antonio and Marriott Marquis in Times Square, the notion that new hotels never induce demand seemed preposterous to me since those two projects along with many others clearly brought new demand to their respective markets and actually lifted the performance of the surrounding hotels in the process. Never-the-less, after nearly a decade of little to no convention-oriented hotel development in the United States, such claims published by noted institutes gave me pause to consider the notion as a possibility. Rather than engage in theoretical debate, I believe the only way to examine the reality is to wait until these hotels were open and examine their performance and the performance of the markets in which they operate. Finally by mid 2005, we had several hotels open long enough to at least establish some facts regarding the early market impacts of their development.

The zero-sum theory, as I will refer to it, that demand is finite and new hotel rooms only siphon demand from existing properties is a generalization that is undoubtedly true in general and thus on a national level and sometimes on a regional level as well. In fact on a national level, there has been no correlation between increases in supply and the affect on demand. Indeed the lowest national supply growth year over the past seven, 2004, also produced the highest growth in demand. In 2001, nationally, a 2.3% increase in supply was countered by the 3.4% decrease in demand.

And while this generalization may be true on a national level (ie. a meeting induced to one market is lured from another) it is certainly not true on a market to market basis. Strong markets that perpetuated the development of new full service hotels, most of which were developed with some form of municipal assistance, did in fact experience high levels of demand growth commonly defined as induced demand. Again, it is likely that the zero-sum equation left other markets in the regional or somewhere in the nation with decreased or lesser growth in demand but typically those were markets that did not offer comparable newer lodging products or suffered from other factors that made their demand vulnerable.

This is not to say that every market in which a new hotel is proposed would generate induced demand as overbuilt markets such as Detroit, New Orleans (even before Katrina), Downtown Dallas and the Denver Tech Center would not likely not benefit from new hotel development. Of the nearly 100 full service hotel feasibility or market studies conducted by my office in Boulder, Colorado since 2000, less than 20% had the forecasted economics that could justify development with or without public assistance. Of those, only four that were financed with a form of public subsidy or ownership have been open now for the greater part of a year or more. These four include the Indianapolis Marriott, the Sheraton Overland Park, the Austin Hilton and the Omaha Hilton. All four studies were conducted between 1998 and 2000. The Indianapolis Marriott outperformed our projections during all three years of its existence and the Sheraton Overland Park has underperformed our projections for its two years of operation. The Austin Hilton and Sheraton Omaha have also not achieved the level of income we forecast for their first year of operation. In these cases, although market occupancy was close to or better than our forecasts, average daily rates did not achieve the positive growth we anticipated in 2000 and 2001 thus reflecting the rate

## CANADIAN LODGING OUTLOOK HVS INTERNATIONAL - CANADA

declines or minimal growth in ADR experienced nationally. In fact only four times in six years did these four markets (4 out of 24 = 15%) fail to exceed rate growth nationally. On the other hand, occupied rooms experienced their highest level of growth in all four markets in the same year that the new hotel opened. This Hilton in Vancouver, WA just opened last week and while it remains to be seen how well it will perform, the Hilton Budget is slightly above our forecast performed in 2002.

I can just hear the critics leaping out of their seats to say all this proves is that

the market is stealing demand from the lower rated limited service hotels in these markets and that is why the room rates are below forecasts. But the competitive sets that we used in our studies and in this analysis include the properties that not only compete on a primary basis but on a secondary basis as well. Therefore, the hotels “theoretically” hurt in this food chain would have to be \$30 to \$50 below the competitive market and unlikely to lose their customer base to an upscale hotel. In addition, the limited service hotels in these markets have not experienced significant declines in occupancy or average rate following

the opening of the full service hotels.

So that leaves only one conclusion. New meeting and convention-oriented hotels do induce demand to a market. Not always and not always to the same degree. But the suggestion not to mention the outright insistence, that no evidence exists to support the notion that new hotel development can induce demand to a given market is in and of itself FALSE.

|                         | Year-to-Date Through June |       |        |       |       |       |      |      |
|-------------------------|---------------------------|-------|--------|-------|-------|-------|------|------|
|                         | 1999                      | 2000  | 2001   | 2002  | 2003  | 2004  | 2004 | 2005 |
|                         | %                         | %     | %      | %     | %     | %     | %    | %    |
| <b>National Average</b> | %                         | %     | %      | %     | %     | %     | %    | %    |
| Available Rooms Change  | —                         | 2.8   | 2.3    | 1.6   | 1.2   | 0.8   | —    | 0.6  |
| Occupied Rooms Change   | —                         | 3.5   | (3.4)  | 0.3   | 1.5   | 4.5   | —    | 3.7  |
| Market Occupancy        | 62.9                      | 63.3  | 59.7   | 58.9  | 59.1  | 61.3  | 61.2 | 63.1 |
| Average Rate Change     | —                         | 5.4   | (1.4)  | (1.4) | 0.1   | 4.0   | —    | 4.9  |
| RevPAR Change           | —                         | 6.1   | (6.9)  | (2.7) | 0.4   | 7.8   | —    | 8.1  |
| <b>Indianapolis</b>     | %                         | %     | %      | %     | %     | %     | %    | %    |
| Available Rooms Change  | —                         | 4.0   | 18.5   | 1.1   | (1.2) | 3.4   | —    | 0.0  |
| Occupied Rooms Change   | —                         | 8.5   | 13.3   | 2.4   | (3.7) | 6.2   | —    | 2.0  |
| Market Occupancy        | 68.1                      | 71.0  | 67.9   | 68.8  | 67.1  | 68.9  | 69.5 | 70.9 |
| Average Rate Change     | —                         | 10.6  | (0.8)  | 0.0   | 0.7   | 3.1   | —    | 3.2  |
| RevPAR Change           | —                         | 15.4  | (5.2)  | 1.3   | (1.8) | 5.9   | —    | 5.2  |
| <b>Overland Park</b>    | %                         | %     | %      | %     | %     | %     | %    | %    |
| Available Rooms Change  | —                         | 4.9   | 15.9   | 6.5   | 15.8  | 0.0   | —    | 0.0  |
| Occupied Rooms Change   | —                         | 5.0   | 9.5    | 9.2   | 9.2   | 4.9   | —    | 0.3  |
| Market Occupancy        | 67.1                      | 67.1  | 63.4   | 65.1  | 61.3  | 64.3  | 64.1 | 64.3 |
| Average Rate Change     | —                         | (0.1) | (3.1)  | (5.2) | (4.1) | 5.5   | —    | 7.6  |
| RevPAR Change           | —                         | 0.1   | (8.5)  | (2.7) | (9.5) | 10.6  | —    | 7.9  |
| <b>Omaha</b>            | %                         | %     | %      | %     | %     | %     | %    | %    |
| Available Rooms Change  | —                         | 4.9   | 0.6    | 6.3   | 0.0   | 12.3  | —    | 7.5  |
| Occupied Rooms Change   | —                         | 6.4   | 0.8    | 8.8   | (0.2) | 12.4  | —    | 4.9  |
| Market Occupancy        | 66.9                      | 67.8  | 68.0   | 69.6  | 69.5  | 69.5  | 72.2 | 70.5 |
| Average Rate Change     | —                         | (0.2) | 0.5    | (2.3) | 1.8   | 2.3   | —    | 5.3  |
| RevPAR Change           | —                         | 1.2   | 0.7    | 0.0   | 1.6   | 2.4   | —    | 2.8  |
| <b>Austin</b>           | %                         | %     | %      | %     | %     | %     | %    | %    |
| Available Rooms Change  | —                         | 3.8   | 1.4    | 0.4   | 5.8   | 15.6  | —    | 0.0  |
| Occupied Rooms Change   | —                         | 9.4   | (14.9) | 0.3   | 7.3   | 16.8  | —    | 11.8 |
| Market Occupancy        | 73.2                      | 77.2  | 64.7   | 64.7  | 65.6  | 66.3  | 66.9 | 74.8 |
| Average Rate Change     | —                         | 6.4   | (1.9)  | (6.5) | (1.2) | (1.0) | —    | 9.7  |
| RevPAR Change           | —                         | 12.2  | (17.7) | (6.5) | 0.2   | 0.1   | —    | 22.7 |

**CANADIAN LODGING OUTLOOK  
HVS INTERNATIONAL - CANADA**

| October 2005               | Number of Rooms | Occupancy Rate (%) |       | Average Room Rates (\$) |          | RevPAR (\$) |          | Room Supply % chg | Room Demand % chg |
|----------------------------|-----------------|--------------------|-------|-------------------------|----------|-------------|----------|-------------------|-------------------|
|                            |                 | 2005               | 2004  | 2005                    | 2004     | 2005        | 2004     |                   |                   |
| Nova Scotia Area           | 939             | 65.7%              | 59.3% | \$84.92                 | \$79.91  | \$55.79     | \$47.39  | 0.0%              | 10.9%             |
| Halifax, NS                | 2,810           | 77.3%              | 75.1% | \$126.03                | \$123.80 | \$97.42     | \$92.97  | 2.4%              | 5.4%              |
| Montreal Downtown          | 9,475           | 78.6%              | 74.7% | \$160.44                | \$153.08 | \$126.11    | \$114.35 | 1.1%              | 6.4%              |
| Montreal Area              | 4,827           | 68.6%              | 66.7% | \$100.63                | \$99.80  | \$69.03     | \$66.57  | 1.4%              | 4.2%              |
| Quebec City, QC            | 3,912           | 72.1%              | 76.6% | \$142.76                | \$153.58 | \$102.93    | \$117.64 | 1.1%              | -5.0%             |
| Quebec Area                | 4,121           | 55.2%              | 59.9% | \$108.34                | \$110.02 | \$59.80     | \$65.90  | 0.6%              | -7.3%             |
| Toronto Downtown           | 12,424          | 75.6%              | 75.5% | \$169.63                | \$164.87 | \$128.24    | \$124.48 | 0.6%              | 0.8%              |
| Toronto North/East         | 6,404           | 67.6%              | 62.8% | \$112.06                | \$107.87 | \$75.75     | \$67.74  | -10.3%            | -3.4%             |
| Toronto Airport/West       | 7,324           | 67.6%              | 69.7% | \$111.49                | \$106.66 | \$75.37     | \$74.34  | 7.1%              | 3.9%              |
| Ottawa, ON                 | 7,245           | 72.4%              | 72.8% | \$133.71                | \$129.72 | \$96.81     | \$94.44  | 0.0%              | -0.7%             |
| Ontario East               | 4,126           | 63.6%              | 61.9% | \$95.58                 | \$94.54  | \$60.79     | \$58.52  | 0.9%              | 3.6%              |
| Windsor/ Ontario SW        | 2,938           | 54.5%              | 52.8% | \$97.77                 | \$97.17  | \$53.28     | \$51.31  | 0.0%              | 3.3%              |
| London/ Kitchener          | 6,003           | 63.8%              | 63.6% | \$99.69                 | \$98.10  | \$63.60     | \$62.39  | 0.0%              | 0.3%              |
| Ontario North/ Thunder Bay | 1,736           | 63.0%              | 65.8% | \$80.01                 | \$75.92  | \$50.41     | \$49.96  | 0.0%              | -4.3%             |
| Ontario NC/ Sudbury        | 4,053           | 64.5%              | 62.5% | \$99.38                 | \$101.23 | \$64.10     | \$63.27  | 0.3%              | 3.6%              |
| Niagara Falls, ON          | 7,840           | 62.6%              | 62.0% | \$127.84                | \$124.53 | \$80.03     | \$77.21  | 0.0%              | 0.9%              |
| Ontario Central            | 2,649           | 57.2%              | 64.8% | \$96.45                 | \$91.25  | \$55.17     | \$59.13  | 1.0%              | -10.7%            |
| Mississauga, ON            | 5,495           | 60.1%              | 63.2% | \$105.55                | \$103.73 | \$63.44     | \$65.56  | 2.9%              | -2.0%             |
| Winnipeg, MB               | 3,875           | 68.4%              | 65.6% | \$96.69                 | \$93.72  | \$66.14     | \$61.48  | 0.2%              | 4.5%              |
| Regina/Saskatoon, SK       | 4,251           | 67.4%              | 63.7% | \$93.42                 | \$87.81  | \$62.97     | \$55.93  | 0.0%              | 5.8%              |
| Calgary, AB                | 7,741           | 72.8%              | 68.7% | \$118.67                | \$111.21 | \$86.39     | \$76.40  | -0.5%             | 5.6%              |
| Edmonton, AB               | 6,777           | 68.9%              | 62.9% | \$99.39                 | \$98.48  | \$68.48     | \$61.94  | 0.7%              | 10.4%             |
| Alberta North Area         | 2,684           | 71.3%              | 62.7% | \$116.33                | \$104.66 | \$82.94     | \$65.62  | 0.4%              | 14.1%             |
| Alberta South Area         | 6,174           | 66.6%              | 63.2% | \$117.88                | \$113.42 | \$78.51     | \$71.68  | 2.7%              | 8.2%              |
| Vancouver Downtown         | 7,866           | 71.1%              | 66.6% | \$145.90                | \$140.05 | \$103.73    | \$93.27  | 0.0%              | 6.7%              |
| Vancouver/ Burnaby Area    | 2,334           | 62.6%              | 60.9% | \$93.96                 | \$88.66  | \$58.82     | \$53.99  | -4.9%             | -2.3%             |
| Richmond-Surrey/ East Area | 4,806           | 60.7%              | 62.3% | \$91.39                 | \$84.44  | \$55.47     | \$52.61  | 3.6%              | 1.0%              |
| British Columbia Area      | 5,460           | 44.3%              | 40.8% | \$104.55                | \$99.91  | \$46.32     | \$40.76  | 0.2%              | 8.6%              |
| Kamloops/ Kelowna Area     | 4,210           | 49.7%              | 48.8% | \$84.91                 | \$85.12  | \$42.20     | \$41.54  | 0.0%              | 1.7%              |
| Vancouver Island           | 3,133           | 60.7%              | 60.6% | \$104.38                | \$103.77 | \$63.36     | \$62.88  | 0.9%              | 1.0%              |
| <b>Provinces</b>           |                 |                    |       |                         |          |             |          |                   |                   |
| Alberta                    | 23,376          | 69.9%              | 65.0% | \$112.70                | \$107.51 | \$78.78     | \$69.88  | 1.1%              | 8.8%              |
| British Columbia           | 27,562          | 59.0%              | 57.0% | \$112.93                | \$107.11 | \$66.63     | \$61.05  | 0.3%              | 3.8%              |
| Manitoba                   | 4,707           | 66.1%              | 63.4% | \$93.59                 | \$90.76  | \$61.86     | \$57.54  | 1.6%              | 5.8%              |
| New Brunswick              | 3,296           | 63.4%              | 64.7% | \$101.27                | \$98.21  | \$64.21     | \$63.54  | 2.3%              | 0.2%              |
| Newfoundland               | 1,829           | 68.4%              | 67.9% | \$113.67                | \$112.96 | \$77.75     | \$76.70  | 4.1%              | 4.8%              |
| Nova Scotia                | 3,749           | 74.4%              | 70.2% | \$116.92                | \$112.29 | \$86.99     | \$78.83  | 0.9%              | 7.0%              |
| Northwest Territories      | 66              | INS                | INS   | INS                     | INS      | INS         | INS      | INS               | INS               |
| Ontario                    | 67,275          | 66.4%              | 66.7% | \$123.15                | \$120.29 | \$81.77     | \$80.23  | 0.2%              | -0.2%             |
| Prince Edward Island       | 889             | 54.4%              | 55.8% | \$97.31                 | \$96.14  | \$52.94     | \$53.65  | 0.0%              | -2.5%             |
| Quebec                     | 23,297          | 71.1%              | 70.4% | \$136.94                | \$134.18 | \$97.36     | \$94.46  | 0.9%              | 1.9%              |
| Saskatchewan               | 5,572           | 64.7%              | 62.1% | \$88.13                 | \$82.88  | \$57.02     | \$51.47  | 0.4%              | 4.7%              |
| Yukon Territory            | 181             | INS                | INS   | INS                     | INS      | INS         | INS      | INS               | INS               |
| Canada                     | 161,799         | 60.9%              | 59.6% | \$101.67                | \$99.21  | \$61.92     | \$59.13  | 0.6%              | 2.9%              |

**CANADIAN LODGING OUTLOOK  
HVS INTERNATIONAL - CANADA**

| October 2005<br>Year-To-Date | Number<br>of Rooms | Occupancy Rate<br>(%) |       | Average Room<br>Rates (\$) |          | RevPAR<br>(\$) |          | Room<br>Supply<br>% chg | Room<br>Demand<br>% chg |
|------------------------------|--------------------|-----------------------|-------|----------------------------|----------|----------------|----------|-------------------------|-------------------------|
|                              |                    | 2005                  | 2004  | 2005                       | 2004     | 2005           | 2004     |                         |                         |
| Nova Scotia Area             | 939                | 58.8%                 | 56.2% | \$86.27                    | \$79.23  | \$50.73        | \$44.53  | 0.3%                    | 4.9%                    |
| Halifax, NS                  | 2,810              | 71.1%                 | 71.7% | \$120.01                   | \$120.96 | \$85.33        | \$86.73  | 2.0%                    | 1.2%                    |
| Montreal Downtown            | 9,475              | 67.7%                 | 68.6% | \$156.59                   | \$152.10 | \$106.01       | \$104.34 | 2.2%                    | 0.8%                    |
| Montreal Area                | 4,827              | 67.7%                 | 66.0% | \$104.01                   | \$102.46 | \$70.41        | \$67.62  | 0.9%                    | 3.5%                    |
| Quebec City, QC              | 3,912              | 68.7%                 | 66.7% | \$138.05                   | \$138.93 | \$94.84        | \$92.67  | 0.3%                    | 3.4%                    |
| Quebec Area                  | 4,121              | 58.8%                 | 57.4% | \$118.07                   | \$114.35 | \$69.43        | \$65.64  | 0.3%                    | 2.7%                    |
| Toronto Downtown             | 12,424             | 71.0%                 | 70.2% | \$161.80                   | \$156.83 | \$114.88       | \$110.09 | 0.4%                    | 1.6%                    |
| Toronto North/East           | 6,404              | 64.8%                 | 60.3% | \$112.35                   | \$108.41 | \$72.80        | \$65.37  | -9.1%                   | -2.3%                   |
| Toronto Airport/West         | 7,324              | 69.9%                 | 68.6% | \$110.86                   | \$107.15 | \$77.49        | \$73.50  | 4.0%                    | 6.1%                    |
| Ottawa, ON                   | 7,245              | 66.5%                 | 63.5% | \$128.04                   | \$125.00 | \$85.15        | \$79.38  | 0.3%                    | 5.0%                    |
| Ontario East                 | 4,126              | 60.0%                 | 57.3% | \$99.58                    | \$95.69  | \$59.75        | \$54.83  | 0.3%                    | 5.1%                    |
| Windsor/ Ontario SW          | 2,938              | 54.5%                 | 55.2% | \$98.67                    | \$98.66  | \$53.78        | \$54.46  | 0.0%                    | -1.4%                   |
| London/ Kitchener            | 6,003              | 61.1%                 | 59.8% | \$99.21                    | \$96.40  | \$60.62        | \$57.65  | 0.4%                    | 2.5%                    |
| Ontario North/ Thunder Bay   | 1,736              | 67.0%                 | 63.0% | \$79.89                    | \$79.00  | \$53.53        | \$49.77  | 0.8%                    | 7.3%                    |
| Ontario NC/ Sudbury          | 4,053              | 60.8%                 | 57.1% | \$101.86                   | \$104.35 | \$61.93        | \$59.58  | -0.3%                   | 6.2%                    |
| Niagara Falls, ON            | 7,840              | 58.6%                 | 58.2% | \$138.53                   | \$133.06 | \$81.18        | \$77.44  | 2.0%                    | 2.7%                    |
| Ontario Central              | 2,649              | 60.0%                 | 61.2% | \$96.86                    | \$95.17  | \$58.12        | \$58.24  | 0.9%                    | -1.1%                   |
| Mississauga, ON              | 5,495              | 60.2%                 | 59.2% | \$104.46                   | \$101.61 | \$62.88        | \$60.15  | 0.1%                    | 1.8%                    |
| Winnipeg, MB                 | 3,875              | 64.0%                 | 62.8% | \$91.31                    | \$90.74  | \$58.44        | \$56.98  | 1.0%                    | 3.0%                    |
| Regina/Saskatoon, SK         | 4,251              | 63.8%                 | 57.9% | \$93.11                    | \$88.36  | \$59.40        | \$51.16  | 0.0%                    | 10.1%                   |
| Calgary, AB                  | 7,741              | 71.6%                 | 68.3% | \$118.55                   | \$113.65 | \$84.88        | \$77.62  | 0.1%                    | 4.9%                    |
| Edmonton, AB                 | 6,777              | 66.8%                 | 62.7% | \$97.76                    | \$97.84  | \$65.30        | \$61.35  | 1.4%                    | 8.0%                    |
| Alberta North Area           | 2,684              | 73.1%                 | 63.3% | \$127.43                   | \$125.70 | \$93.15        | \$79.57  | 2.2%                    | 18.0%                   |
| Alberta South Area           | 6,174              | 66.5%                 | 61.7% | \$139.11                   | \$137.60 | \$92.51        | \$84.90  | 2.3%                    | 10.3%                   |
| Vancouver Downtown           | 7,866              | 73.1%                 | 70.7% | \$156.29                   | \$155.37 | \$114.25       | \$109.85 | 0.0%                    | 3.4%                    |
| Vancouver/ Burnaby Area      | 2,334              | 68.8%                 | 64.3% | \$105.89                   | \$99.74  | \$72.85        | \$64.13  | -5.3%                   | 1.2%                    |
| Richmond-Surrey/ East Area   | 4,806              | 67.2%                 | 64.1% | \$96.05                    | \$90.86  | \$64.55        | \$58.24  | 2.0%                    | 6.9%                    |
| British Columbia Area        | 5,460              | 58.2%                 | 57.6% | \$141.81                   | \$140.82 | \$82.53        | \$81.11  | 0.4%                    | 1.6%                    |
| Kamloops/ Kelowna Area       | 4,210              | 60.8%                 | 55.0% | \$93.65                    | \$96.92  | \$56.94        | \$53.31  | 0.0%                    | 10.8%                   |
| Vancouver Island             | 3,133              | 67.4%                 | 63.8% | \$125.56                   | \$124.58 | \$84.63        | \$79.48  | 1.6%                    | 7.3%                    |
| <b>Provinces</b>             |                    |                       |       |                            |          |                |          |                         |                         |
| Alberta                      | 23,376             | 69.1%                 | 64.5% | \$118.87                   | \$116.45 | \$82.14        | \$75.11  | 1.6%                    | 8.9%                    |
| British Columbia             | 27,562             | 66.3%                 | 63.2% | \$126.52                   | \$124.97 | \$83.88        | \$78.98  | 0.2%                    | 5.1%                    |
| Manitoba                     | 4,707              | 62.3%                 | 61.0% | \$88.94                    | \$87.88  | \$55.41        | \$53.61  | 1.9%                    | 4.0%                    |
| New Brunswick                | 3,296              | 63.4%                 | 62.2% | \$103.55                   | \$100.58 | \$65.65        | \$62.56  | 1.2%                    | 3.2%                    |
| Newfoundland                 | 1,829              | 65.9%                 | 66.4% | \$117.64                   | \$113.04 | \$77.52        | \$75.06  | 1.8%                    | 1.0%                    |
| Nova Scotia                  | 3,749              | 68.0%                 | 67.1% | \$112.90                   | \$110.50 | \$76.77        | \$74.15  | 1.0%                    | 2.3%                    |
| Northwest Territories        | 66                 | INS                   | INS   | INS                        | INS      | INS            | INS      | INS                     | INS                     |
| Ontario                      | 67,275             | 64.3%                 | 62.5% | \$122.12                   | \$118.78 | \$78.52        | \$74.24  | 0.1%                    | 2.9%                    |
| Prince Edward Island         | 889                | 54.6%                 | 54.6% | \$105.11                   | \$105.07 | \$57.39        | \$57.37  | 0.0%                    | 0.0%                    |
| Quebec                       | 23,297             | 66.1%                 | 65.1% | \$134.78                   | \$131.72 | \$89.09        | \$85.75  | 0.7%                    | 2.1%                    |
| Saskatchewan                 | 5,572              | 61.9%                 | 56.2% | \$87.97                    | \$83.22  | \$54.45        | \$46.77  | 0.6%                    | 10.8%                   |
| Yukon Territory              | 181                | INS                   | INS   | INS                        | INS      | INS            | INS      | INS                     | INS                     |
| Canada                       | 161,799            | 62.0%                 | 58.9% | \$103.75                   | \$102.41 | \$64.33        | \$60.32  | 0.6%                    | 5.9%                    |

## CANADIAN LODGING OUTLOOK HVS INTERNATIONAL - CANADA

### DEFINITIONS

|   |  |
|---|--|
| Occupancy:                                | Rooms sold divided by rooms available.   |
| Room Revenue:                             | Total room revenue generated from the sale or rental of rooms.   |
| Average Daily Rate (ADR):                 | Room revenue divided by rooms sold.  |
| Room Revenue Per Available Room (RevPAR): | Room revenue divided by rooms available (occupancy times average room rate will closely approximate RevPAR). |

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