

Canadian June 2006 Lodging Outlook



SMITH TRAVEL RESEARCH

Checking In After Six Months

By: Betsy MacDonald, MAI, AACI, RIBC - HVS International - Canada

Well the numbers are in for the first half of the year, and the winners are: Calgary, Edmonton, Alberta North, and Downtown Vancouver. All of these markets reported occupancies over 70% with average room rates exceeding \$100.

Alberta North reported year to date occupancy at 75.1% at a \$128.43 average room rate. RevPAR was \$96.45 compared to \$77.17 over the same period last year, an increase of 25.9%. Demand was up 10.2% with a 1.5% increase in supply.

Calgary's occupancy was 71.9% with an average room rate of \$127.06. Year to date RevPAR was \$91.36 as compared to \$73.89 last year, an increase of 23.6%. Demand in Calgary was also up 10.2%, with no growth in supply.

Edmonton reported year to date occupancy at 70.3% at a \$104.03 average room rate. RevPAR was \$73.13 compared to \$61.86 over the same period last year, an increase of 18.2%. Demand was up 13.1% with a 2.4% increase in supply.

Downtown Vancouver's occupancy was 71.4% with an average room rate of \$152.80. Year to date RevPAR was \$109.10 as compared to \$94.43 last year, an increase of 15.5%. Demand in Downtown Vancouver was up 8.1%, with no growth in supply.

In terms of average room rate, Downtown Toronto has the highest at \$165.39 an increase of 5.9% over the same period in

2005. Downtown Montreal reported an average room rate of \$158.99, an increase of 5.2% over the same period in the prior year. Downtown Vancouver came in third with an average rate of \$152.80, an increase of 6.8% over the first six months in 2005.

RevPAR growth for Downtown Montreal was 13% in the first six months as compared to the same period last year. Demand in Downtown Montreal increased 7.7% and supply increased 0.1%. Downtown Toronto experienced a RevPAR growth of 7.4%, demand increased by 5.5% and supply increase by 4.1%.

RevPAR growth for all of Canada with 167,000 rooms participating was 7.5% for the first half of the year in comparison to the same period in 2005. Demand increased by 3.4% and there was a 1.5% increase in supply.

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Last month we printed an article addressing impact studies, "A Simple Solution to Impact". We neglected to state that the article was published in the Lodging Magazine's January, 1998 issue. We apologize if this caused anyone concern.
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Water Cooler

I am pleased to announce that Carrie Russell, AACI, RIBC has become shareholder in MM&R Valuation Services, Inc dba: HVS International - Canada. Carrie is now a partner with myself and Steve Rushmore. Congratulations Carrie!

HVS Canada has grown by two people in the last year. Brandon Royal is an Associate with HVS in the Vancouver office, and has just become a candidate with the Appraisal Institute of Canada. Brandon has his undergraduate degree from the University of British Columbia with a concentration in architecture, and a master's degree in Hotel Administration from Ecole Hoteliere de Lausanne, Switzerland.

Paul Varteressian joined HVS as a Consultant and Valuation Analyst. Paul is a graduate of Cornell University's School of Hotel Administration. Paul is from Oakville, Ontario and was a varsity hockey player at Cornell.

At long last, we are excited to announce that our Vancouver office is moving at the end of August. We will hold an open house later in the year. Our new address will be 145 W 17th Street, Suite 400, North Vancouver, BC. Canada V7M 3G4. Our phone and fax numbers will remain the same 604-988-9743, and fax 604-988-4625.

**CANADIAN LODGING OUTLOOK
HVS INTERNATIONAL - CANADA**

June 2006	Number of Rooms	Occupancy Rate (%)		Average Room Rates (\$)		RevPAR (\$)		Room Supply % chg	Room Demand % chg
		2006	2005	2006	2005	2006	2005		
Nova Scotia Area	1,249	60.7%	61.2%	\$93.78	\$88.55	\$56.92	\$54.19	2.0%	1.1%
Halifax, NS	3,297	79.9%	79.6%	\$136.19	\$134.69	\$108.82	\$107.21	2.4%	2.8%
Montreal Downtown	9,212	80.7%	77.3%	\$204.29	\$195.86	\$164.86	\$151.40	0.1%	4.5%
Montreal Area	4,771	75.8%	73.8%	\$118.37	\$117.65	\$89.72	\$86.83	1.5%	4.2%
Quebec City, QC	3,747	75.5%	80.5%	\$149.95	\$152.63	\$113.21	\$122.87	1.1%	-5.2%
Quebec Area	5,144	61.5%	61.1%	\$123.25	\$121.00	\$75.80	\$73.93	0.8%	1.6%
Toronto Downtown	13,003	78.5%	83.3%	\$174.73	\$175.53	\$137.16	\$146.22	3.6%	-2.4%
Toronto North/East	6,619	70.5%	73.5%	\$116.99	\$114.89	\$82.48	\$84.44	3.1%	-1.0%
Toronto Airport/West	7,714	71.0%	74.5%	\$114.66	\$113.31	\$81.41	\$84.42	7.8%	2.8%
Ottawa, ON	6,433	78.6%	76.8%	\$135.14	\$133.26	\$106.22	\$102.34	0.0%	2.4%
Ontario East	3,936	66.9%	68.6%	\$105.63	\$104.52	\$70.67	\$71.70	1.2%	-1.3%
Windsor/ Ontario SW	2,997	56.5%	58.7%	\$102.33	\$102.87	\$57.82	\$60.38	1.1%	-2.6%
London/ Kitchener	5,976	63.5%	64.8%	\$100.51	\$100.39	\$63.82	\$65.05	1.5%	-0.5%
Ontario North/ Thunder Bay	1,602	74.4%	75.4%	\$84.23	\$80.83	\$62.67	\$60.95	0.0%	-1.3%
Ontario NC/ Sudbury	4,132	66.0%	64.2%	\$107.03	\$102.94	\$70.64	\$66.09	1.9%	4.7%
Niagara Falls, ON	8,862	72.9%	74.2%	\$140.35	\$141.03	\$102.32	\$104.64	4.0%	2.1%
Ontario Central	3,048	60.6%	69.5%	\$105.08	\$99.59	\$63.68	\$69.22	4.0%	-9.2%
Mississauga, ON	5,736	66.1%	69.6%	\$106.87	\$105.15	\$70.64	\$73.18	5.3%	0.0%
Winnipeg, MB	3,888	69.7%	70.0%	\$97.20	\$93.51	\$67.75	\$65.46	0.0%	-0.4%
Regina/Saskatoon, SK	3,934	71.7%	70.1%	\$99.34	\$95.26	\$71.23	\$66.78	-1.1%	1.1%
Calgary, AB	7,819	84.1%	83.0%	\$145.29	\$125.83	\$122.19	\$104.44	0.4%	1.8%
Edmonton, AB	7,019	74.9%	70.5%	\$105.10	\$98.47	\$78.72	\$69.42	2.6%	9.0%
Alberta North Area	2,513	79.0%	75.5%	\$158.28	\$140.92	\$125.04	\$106.39	1.9%	6.7%
Alberta South Area	6,571	73.0%	71.9%	\$160.51	\$158.02	\$117.17	\$113.62	3.6%	5.2%
Vancouver Downtown	7,914	90.8%	83.7%	\$189.45	\$171.31	\$172.02	\$143.39	0.0%	8.5%
Vancouver/ Burnaby Area	2,223	85.3%	73.7%	\$123.97	\$116.51	\$105.75	\$85.87	0.0%	15.7%
Richmond-Surrey/ East Area	5,161	75.5%	72.8%	\$110.59	\$100.22	\$83.50	\$72.96	-1.9%	1.7%
British Columbia Area	6,201	57.5%	59.1%	\$122.10	\$121.71	\$70.21	\$71.93	2.2%	-0.4%
Kamloops/ Kelowna Area	4,247	61.4%	65.4%	\$98.97	\$103.18	\$60.77	\$67.48	0.1%	-5.9%
Vancouver Island	3,796	76.3%	74.3%	\$140.79	\$138.32	\$107.42	\$102.77	0.8%	3.5%
Provinces									
Alberta	23,922	77.8%	75.8%	\$139.23	\$128.24	\$108.32	\$97.21	2.3%	5.2%
British Columbia	28,891	74.5%	72.0%	\$142.81	\$132.80	\$106.39	\$95.62	0.7%	4.2%
Manitoba	4,679	67.1%	67.1%	\$94.48	\$90.85	\$63.40	\$60.96	0.0%	0.1%
New Brunswick	3,655	65.6%	67.7%	\$110.96	\$110.60	\$72.79	\$74.88	1.4%	-1.7%
Newfoundland	1,813	79.6%	81.3%	\$134.68	\$138.04	\$107.21	\$112.23	2.7%	0.6%
Nova Scotia	4,546	74.6%	74.5%	\$126.70	\$124.28	\$94.52	\$92.59	2.1%	2.3%
Northwest Territories	66	INS	INS	INS	INS	INS	INS	INS	INS
Ontario	70,058	70.8%	73.3%	\$128.68	\$128.24	\$91.11	\$94.00	2.8%	-0.7%
Prince Edward Island	938	63.7%	62.3%	\$131.61	\$128.53	\$83.84	\$80.07	0.0%	2.2%
Quebec	22,874	74.5%	73.5%	\$162.13	\$158.40	\$120.79	\$116.42	0.8%	2.2%
Saskatchewan	5,236	68.8%	67.9%	\$93.59	\$89.63	\$64.39	\$60.86	-0.4%	0.9%
Yukon Territory	585	77.5%	74.9%	\$103.06	\$101.86	\$79.87	\$76.29	0.0%	3.5%
Canada	167,263	67.4%	67.9%	\$116.55	\$112.72	\$78.55	\$76.54	1.6%	0.9%

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		2006	2005	2006	2005	2006	2005		
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Halifax, NS	3,297	63.6%	64.3%	\$118.21	\$116.56	\$75.18	\$74.95	2.4%	1.2%
Montreal Downtown	9,212	63.0%	58.6%	\$158.99	\$151.20	\$100.16	\$88.60	0.1%	7.7%
Montreal Area	4,771	63.2%	62.8%	\$108.64	\$106.05	\$68.66	\$66.60	1.6%	2.1%
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Ontario East	3,936	53.7%	52.2%	\$98.25	\$94.75	\$52.76	\$49.46	0.9%	3.8%
Windsor/ Ontario SW	2,997	52.2%	51.9%	\$105.22	\$98.84	\$54.92	\$51.30	1.1%	1.6%
London/ Kitchener	5,976	58.6%	57.6%	\$100.53	\$98.32	\$58.91	\$56.63	1.2%	2.9%
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Prince Edward Island	938	45.1%	42.2%	\$94.69	\$87.22	\$42.71	\$36.81	0.0%	7.0%
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Canada	167,263	57.2%	56.1%	\$106.23	\$100.72	\$60.76	\$56.50	1.5%	3.4%

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).

*If you have any questions regarding this publication please send a message to bmacdonald@hvsinternational.com
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