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2018 CANADIAN

# HOTEL VALUATION INDEX


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# The Canadian Hotel Market

Since the debt crisis hit the **CANADIAN LODGING MARKET** in 2009, causing a 12.3% contraction in RevPAR, the industry has been on an upward trajectory. In fact, RevPAR growth has been registered for 106 consecutive months—the longest period of sustained growth on record. In 2017, the RevPAR increased by 7.7%, fuelled by a 5.2% increase in ADR and a 3.2% gain in demand, supported by limited supply growth of just 0.8%.

The three airport markets in Montreal, Toronto, and Vancouver led the country in rate increases in 2017 with growth of 11.8%, 11.6%, and 10.4%, respectively. The other markets registered more moderate ADR growth in 2017, the only exceptions being Saskatoon and Regina, which both experienced a 5.3% rate decline, and Calgary, which sustained a 1.5% drop in ADR.

The value of a hotel room in Canada increased by 8.0% to $133,389 in 2017, up from $123,427 in 2016. This is slightly less than the value per room of $134,800 that was projected for 2017 in the previous HVI report, reflecting the fact that the rebound in Alberta and Saskatchewan has been slower than anticipated.

The economic indicators for Canada are positive for 2018, especially with the rebound of the oil and gas sector. The increase in oil prices has been stronger than expected, which has positively affected exports. The national GDP is expected to finish the year up by 1.9% in 2018, following on the stronger increase of 3.0% that was realized in 2017.

The Canadian lodging market is expected to finish 2018 in an even stronger position. Based on the performance thus far, demand is projected to grow at twice the rate of supply, supporting a 5.6% increase in RevPAR, which is projected to exceed the $100 mark for the second consecutive year hitting a new record of slightly over $109.

The national per-room value is expected to increase by 7.5% in 2018, which is slightly lower but nonetheless in line with the rate of growth that the market experienced in 2017. The impressive growth in the Toronto Airport West, Toronto Downtown, and Vancouver Downtown markets has contributed significantly to the improvement at the national level. For each of these three markets, the per-room value is expected to increase by approximately 20% in 2018.

While the Vancouver and Toronto Downtown markets have long been at the top of the value rankings, airport markets are proving to be the most upwardly mobile, in part because they are benefitting from the compression taking place in downtown markets. In 2014, the Toronto Airport West market was ranked seventeenth out of 19 markets, just above the Montreal Airport market. Three years later, the Montreal Airport market was up four spots in the ranking while Toronto Airport West was up by nine. Even though the Montreal Airport market is still in the bottom half of the ranking, it realized the strongest increase in per-room value in 2017 at 31.4%.

Halifax, Montreal Downtown, and Quebec City have also sustained notable increases in value. These three markets were below the national average in 2016 and entered the top ten in 2017.

## What does 2019 hold?

Canada is projected to sustain a 2.0% increase in GDP in 2019, led by resource-based markets, which are seeing the strongest growth because they are still in the process of recovery.

The national per-room value is projected to increase by close to 5.0% in 2019, bringing the per-room value up to $150,200. This is two percentage points higher than the increase that was projected in the previous HVI report.

In 2019, the national room supply is expected to increase by 1.7% (or by 8,067 rooms), the highest increase since 2005. It should be noted that this figure does not consider any supply being taken out of inventory and being converted to alternative uses, most commonly residential. In Downtown Toronto alone, there is significant inventory that is expected to come out of the market in the near future. Since the Vancouver and Toronto (Downtown and Airport) markets have strong barriers to entry, the largest supply growth will take place in less-saturated primary markets: Calgary, Ottawa, Edmonton, and Montreal will account for one-third of the new supply. Supported by the weak Canadian dollar and the strengthening of the US economy, demand is nevertheless projected to grow at a stronger pace, bringing the national occupancy to a new high of 67%.

## Strong operating performance is fuelling transaction activity

Canada had a very strong year for transaction activity in 2017. The market finished with $3.5 billion in transaction volume, the third highest on record. Robust transaction activity has continued this year, albeit at a slightly less aggressive pace. By year's end, the transaction volume is projected to be somewhere between $2.0 to $2.5 billion.

Foreign buyers are actively investing in the Canadian lodging market; Asian capital in particular is flowing into the country. Despite the overseas investment regulations that the Chinese government issued to control outbound capital in the real estate and hotel industries, cross-border capital from China continues to account for a significant portion of the transaction volume. In 2018, there has been a slowdown in Chinese capital investment in the Canadian lodging market; however, South Korean investors with a taste for large assets are now aggressively moving into the market, picking up the slack.

The transaction activity in 2017 included several large transactions, including the sale of the SilverBirch Hotel Portfolio for $1.1 billion in February to Leadon Investment. In December, Silver Hotel Group bought seven properties from the SilverBirch Portfolio for $150 million from Leadon Investment. Other notable transactions from that year include the Edward Hotel GTA Portfolio—two properties valued $75.8 million—and three boutique hotels in Edmonton collectively valued at $65.6 million.

According to Colliers Hotels, Ontario remained the top spot for hotel investment in 2017, followed by Vancouver and Montreal. As per the same source, the transaction volume in Canada for year-to-date through July 2018 was $800 million, representing 70 hotels that transacted at an average guestroom price of $93,100. Of these transactions, 34 occurred in Western Canada while 36 took place in Eastern Canada. However, Eastern markets grabbed 70% of the total investment volume. With the sale of the Le Centre Sheraton Hotel and the Marriott Chateau Champlain in Montreal and the Delta Quebec in Quebec City, the investment volume in the province of Quebec outpaced that of Ontario.

The outlook for hotel transaction activity in Canada is positive given the persistence of the weak Canadian dollar, the favourable investment environment for foreign capital, the rebound that is underway in energy-dependent markets, and the expected improvements in the energy and export sectors that the historically low cost of debt is supporting. Unforeseen challenges may of course arise at any time, especially given the possibility that global trade wars could escalate; nevertheless, all indicators are pointing toward an extremely favourable outlook for hotel transaction activity in Canada.

## 2018 HVI Highlights

The Hotel Valuation Index (HVI) is a metric used for tracking hotel values for 19 markets across Canada, including Canada as a whole. It is based on market performance and overall hotel profitability margins, as well as the current lending environment and the appetite for hotel acquisitions.

The HVI shows that the Canadian lodging market saw a 8.0% increase in hotel values in 2017 and that an additional 7.5% increase is taking place 2018. The national per-room value is projected to steadily increase over the next three years.

Of all the markets, Montreal Airport realized the highest growth in hotel value in 2017 with an increase of 31.4%; this was the strongest increase realized in any market in the last eight years. Toronto Downtown followed in second place with growth of 27.2% while Montreal Downtown registered a 26.1% increase, pushing the Vancouver Downtown market out of the top three markets for growth. At the other end of the spectrum, Regina suffered the largest decrease in hotel value in 2017 with a drop of 23.5%. Other markets, such as Winnipeg, Saskatoon, Newfoundland, and Edmonton, also sustained a decline in value in 2017, but to a lesser degree.

For 2018, the HVI indicates that Toronto Airport West has snatched the first-place position for growth with a projected increase of 25.1%; this market has been booming since 2016 and is expected to reach the top four in the value ranking by 2021 with a per-room value of $260,792. Toronto Downtown is projected to remain in second place in 2018 in terms of value growth with an increase of 22.9%, but this market is nonetheless still below the Vancouver Downtown market in terms of actual per-room value. Vancouver Downtown is projected to realize the third-strongest growth in value in 2018 with a 20.6% increase.

**TABLE 1 — CANADIAN VALUE TREND (2005–2021P)**

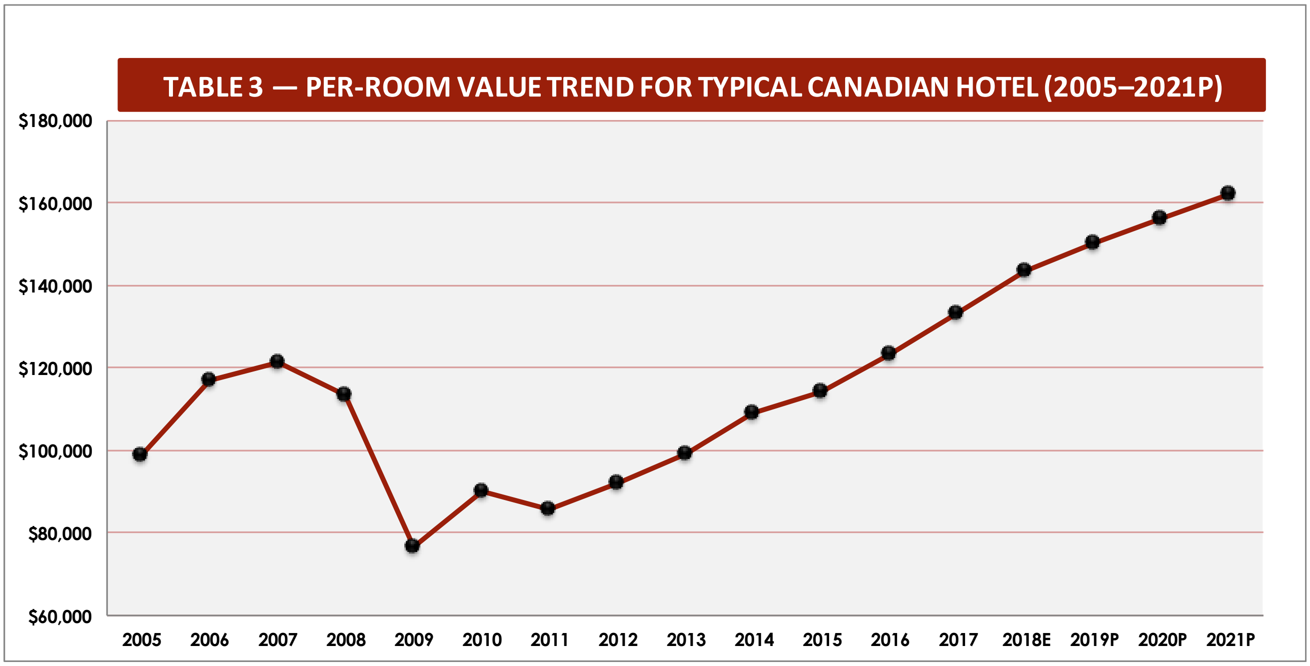
| Year | Value Per Room | Percent Change |
|---|---|---|
| 2005 | $98,500 | — |
| 2006 | 116,900 | 18.7 % |
| 2007 | 121,400 | 3.8 |
| 2008 | 113,200 | (6.8) |
| 2009 | 76,600 | (32.3) |
| 2010 | 90,100 | 17.6 |
| 2011 | 85,400 | (5.2) |
| 2012 | 91,900 | 7.6 |
| 2013 | 99,100 | 7.8 |
| 2014 | 108,900 | 9.9 |
| 2015 | 114,000 | 4.7 |
| 2016 | 123,400 | 8.2 |
| 2017 | 133,300 | 8.0 |
| *2018E* | *143,300* | 7.5 |
| *2019P* | *150,200* | 4.8 |
| *2020P* | *156,300* | 4.1 |
| *2021P* | *161,900* | 3.6 |

Source: HVS

**TABLE 2 — VALUE PER ROOM RANKINGS (2017 VS. 2021P)**

| | 2017 | Value | 2021 | Value | |
|---|---|---|---|---|---|
| Vancouver Downtown | **1** | $345,700 | **1** | $641,600 | = |
| Toronto Downtown | **2** | 287,421 | **2** | 519,800 | = |
| Vancouver Airport | **3** | 206,700 | **3** | 359,100 | = |
| Ottawa | **4** | 159,700 | **8** | 194,800 | ↘ |
| Montreal Downtown | **5** | 159,100 | **6** | 213,700 | ↘ |
| Victoria | **6** | 152,700 | **4** | 273,300 | ↗ |
| Halifax-Dartmouth | **7** | 149,200 | **10** | 170,500 | ↘ |
| Toronto Airport West | **8** | 145,400 | **5** | 260,800 | ↗ |
| Niagara Falls | **9** | 137,900 | **7** | 206,800 | ↗ |
| Quebec City | **10** | 133,900 | **9** | 186,300 | ↗ |
| **Canada** | **11** | **133,300** | **11** | **161,900** | = |
| Calgary | **12** | 131,100 | **13** | 145,500 | ↘ |
| Winnipeg | **13** | 128,673 | **14** | 123,100 | ↘ |
| Montreal Airport | **14** | 126,500 | **12** | 160,400 | ↗ |
| NewFoundland | **15** | 123,300 | **18** | 109,500 | ↘ |
| Edmonton | **16** | 108,000 | **15** | 115,000 | ↗ |
| Saskatoon | **17** | 101,900 | **17** | 113,100 | = |
| New Brunswick | **18** | 91,600 | **16** | 113,500 | ↗ |
| Regina | **19** | 90,451 | **19** | 104,800 | = |

Source: HVS

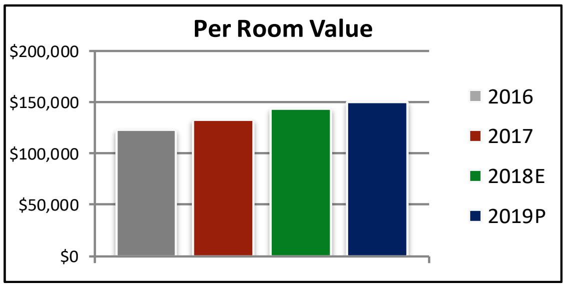



## Table 4 — Canada Historical Values (2010–2017)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $90,100 | $85,388 | $91,875 | $99,140 | $108,936 | $113,991 | $123,568 | $133,389 |
| **y/y % Change** | 17.6% | -5.2% | 7.6% | 7.9% | 9.9% | 4.6% | 8.4% | 7.9% |
| **Index** | 0.91 | 0.87 | 0.93 | 1.01 | 1.11 | 1.16 | 1.25 | 1.35 |

## Table 5 — Canada Forecasted Values (2018–2021)

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $143,322 | $150,172 | $156,320 | $161,886 |
| **y/y % Change** | 7.4% | 4.8% | 4.1% | 3.6% |
| **Index** | 1.46 | 1.52 | 1.59 | 1.64 |
| **Rank** | 10 | 12 | 11 | 11 |



**CALGARY** is home to one-sixth of the country's headquarters, 70% of which are energy related and very sensitive to changes in oil prices. In 2015 and 2016, when oil prices where at their lowest, the city's GDP contracted. In 2016, it was 7% lower than in 2014. The economy started to recover in 2017, and Calgary registered the highest growth in Canada that year with a 6.3% increase in GDP. Uncertainty nonetheless remains, especially because pipeline expansions are needed to avoid the bottlenecks that are currently stifling economic growth. The GDP is projected to grow 2.9% in 2018, which is encouraging after the negative growth seen during the recession; however, it is still below the 3.9% average for the ten years prior to 2014.

In 2013, before the drop-in oil prices, Calgary had the highest value per room in the country at $202,241. For 2017, the city was ranked twelfth with a value of $131,094, having lost one-third of its value. The value of a hotel room in Calgary has been increasing since 2017; however, the value is still well below the levels registered historically.

Growth in hotel values is expected to continue over the next few years because of increasing demand and economic recovery. Alberta is also expected to grow the visitor economy to $10 billion by 2020 by targeting countries with great potential, such as the US, Germany, the UK, Japan, China, and Mexico. New air service to these destinations has been established. Calgary will also host the FINA Diving Grand Prix in 2018 and the Grey Cup in 2019. Consequently, lodging demand is expected to grow by 4.5% and 8.0% in 2018 and 2019, respectively.

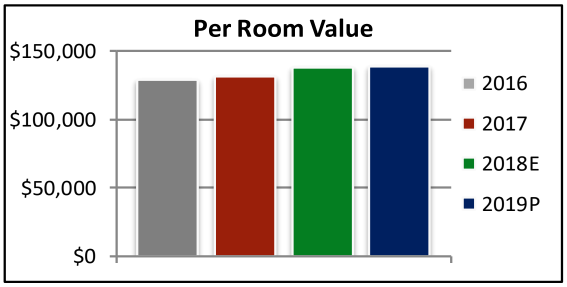
There are two hotels that have opened: the Alt Hotel and the Holiday Inn & Suites Calgary Airport North. This new supply will be offset by the closure of the 247-room Travelodge Calgary MacLeod Trail. With demand increasing and a slight 0.4% contraction in supply, the RevPAR for 2018 is expected to increase by 7.3%. In 2019, five new properties representing 1,087 additional rooms are expected to enter the market, which will curtail RevPAR growth. The market-wide occupancy is projected to return to the 2018 level by 2020, and the RevPAR is projected to reach almost $100 by 2021, which represents a 7-year high that is nonetheless $15 below the RevPAR record set in 2014.

**Table 6 — Calgary Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $143,436 | $156,180 | $184,030 | $202,241 | $198,150 | $164,564 | $129,030 | $131,094 |
| **y/y % Change** | -6.5% | 8.9% | 17.8% | 9.9% | -2.0% | -16.9% | -21.6% | 1.6% |
| **Index** | 1.46 | 1.59 | 1.87 | 2.05 | 2.01 | 1.67 | 1.31 | 1.33 |

**Table 7 — Calgary Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $138,097 | $139,023 | $139,767 | $145,508 |
| **y/y % Change** | 5.3% | 0.7% | 0.5% | 4.1% |
| **Index** | 1.40 | 1.41 | 1.42 | 1.48 |
| **Rank** | 13 | 13 | 13 | 13 |



**EDMONTON** is the capital of Alberta, which has the third-largest oil reserves in the world and is the most energy-resource-rich province in Canada. Even though Edmonton's economy is well diversified, supported by manufacturing, construction, and financial services, a majority of jobs are linked, directly or indirectly, to the energy sector. With the drop in oil prices that occurred in 2014, the economy took a hit, resulting in negative GDP growth. Economic recovery got underway in 2017 with a 5.0% increase in GDP, and a more modest 2.8% increase in GDP is projected for 2018.

The oil crisis severely affected demand in 2015 and 2016, resulting in contractions of 7.3% and 5.1%, respectively, causing a double-digit decrease in RevPAR in both these years. Supply growth has exacerbated the effects of the recession. In 2017, 1,047 new rooms were added to the market, representing a 6.1% increase in supply. At the same time, demand increased just 0.1% causing a 5.1% contraction in RevPAR.

In 2018, demand is expected to increase by 5.0%, paving the path to a positive increase in RevPAR for the first time since 2014. Demand growth is projected to outpace supply growth, leading to stronger occupancy and ADR levels. By 2021, the RevPAR is projected to increase by $8.00 over the 2018 level, although it is expected to remain below the prior peak.

The value per room is also projected to resume growth in 2018 after three consecutive years of decline. The value, at $111,283, is down 28% from the peak of $155,536 registered in 2014. Moderate value growth is projected for the ensuing years. By 2021, the value per room is projected to reach $114,958.

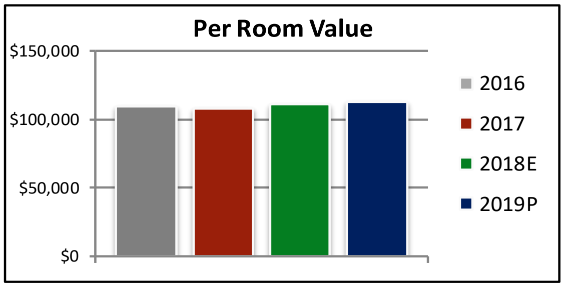
In 2017, Edmonton was ranked sixteenth among the 19 largest markets (including Canada), and it is projected to remain in the last five markets by 2021. The city was ranked in the top five in 2014.

**Table 8 — Edmonton Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $117,752 | $122,243 | $138,560 | $155,204 | $155,536 | $134,089 | $109,840 | $107,996 |
| **y/y % Change** | -7.4% | 3.8% | 13.3% | 12.0% | 0.2% | -13.8% | -18.1% | -1.7% |
| **Index** | 1.20 | 1.24 | 1.41 | 1.58 | 1.58 | 1.36 | 1.12 | 1.10 |

**Table 9 — Edmonton Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $111,283 | $112,505 | $113,279 | $114,958 |
| **y/y % Change** | 3.0% | 1.1% | 0.7% | 1.5% |
| **Index** | 1.13 | 1.14 | 1.15 | 1.17 |
| **Rank** | 15 | 15 | 15 | 15 |



The **HALIFAX-DARTMOUTH** economy has long been reliant on resource-based industries. However, the gas industry is in decline across the region with the closure of several offshore natural-gas production sites. Halifax's economy is now more and more fuelled by the manufacturing and life sciences sectors, shipbuilding at the Irving Shipyard, and shipping via the Port of Halifax. The increase in demand for seafood and fresh lobster from Asia in particular has given a boost to the Halifax economy. According to the Conference Board of Canada, the city's GDP is projected to increase by 1.9% in 2018, double the growth seen in 2017. The Nova Centre, a new convention centre that features a boutique hotel and business towers, opened in 2018 and is expected to boost both business and leisure travel. Moreover, the renovation of the ferry terminal will support greater cruise-ship activity.

Between 2016 and 2017, the market lost 587 rooms as the result of the closure of 6 properties. This put high pressure on room rates, which rose by 5.2% and 9.7%, respectively, in these years. This in turn had a positive effect on RevPAR, which increased by 10.6% in 2016 and 14.7% in 2017. The value per room also displayed a double-digit increase of 21.5% in 2017. Consequently, Halifax-Dartmouth jumped from eleventh spot in 2016 to seventh in 2017 in the value-per-room rankings.

RevPAR growth is expected to be more moderate after 2018. Two property conversions brought 370 guestrooms back into the market in 2018. In 2019, the opening of the 262-room Sutton Place Hotel, the 196-room dual-branded Courtyard/Residence Inn, and the 125-room Holiday Inn Express in Dartmouth Crossing will increase the room inventory in the market.

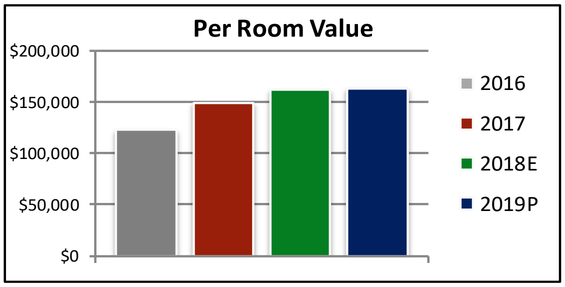
The value per room is projected to increase from $161,870 in 2018 to $170,541 in 2021, putting the city in tenth position in the ranking in the latter year.

**Table 10 — Halifax-Dartmouth Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $97,874 | $95,758 | $98,757 | $97,913 | $100,338 | $106,141 | $122,788 | $149,160 |
| **y/y % Change** | 11.2% | -2.2% | 3.1% | -0.9% | 2.5% | 5.8% | 15.7% | 21.5% |
| **Index** | 0.99 | 0.97 | 1.00 | 0.99 | 1.02 | 1.08 | 1.25 | 1.51 |

**Table 11 — Halifax-Dartmouth Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $161,870 | $163,875 | $167,745 | $170,541 |
| **y/y % Change** | 8.5% | 1.2% | 2.4% | 1.7% |
| **Index** | 1.64 | 1.66 | 1.70 | 1.73 |
| **Rank** | 7 | 8 | 10 | 10 |



The **MONTREAL AIRPORT** market is centered on Pierre Elliott Trudeau International Airport, which currently offers service to 150 destinations, including 91 outside of Canada. Nine new destinations were introduced in 2018, including Tel Aviv, Shanghai, Marseille, and Reykjavik, and at least two more are expected to be added in 2019. In 2016, the airport capacity was increased thanks to a 5-year expansion plan. Moreover, a new $2.5-billion expansion has been announced that will see the addition of 20 to 30 gates at a new terminal by 2030. With the celebration of Canada 150 and the 375th anniversary of Montreal, airport traffic increased in 2017, when the passenger count exceeded 18 million.

The Montreal Airport market realized strong RevPAR growth in 2017 because of both demand growth and a decrease in inventory with the closure of the 214-room Best Western Montreal Airport. The increase in demand and the reduction in supply put pressure on the market, which allowed hoteliers to raise rates, resulting in an 11.8% increase in ADR that year.

To fill the gap created by the closure of the hotel and match the market needs, the Home2 Suites Montreal Dorval and the DoubleTree by Hilton Montreal Airport opened in Dorval, adding 275 rooms to the market in September 2018. Demand is projected to contract by 1.0% in 2018, which is a function of the extraordinary increase in demand that had been sustained the previous year; this contraction represents the normalization of the market following the stellar performance in 2017.

After nine years of continuous growth, the market-wide RevPAR is projected to reach $110 for the first time in 2018. Over the forecast period, new records are going to be set every year. Between 2018 and 2021, the RevPAR is projected to grow 2.8% per year, which is healthy but well below the 18.2% increase that was realized in 2017.

As estimated in the previous HVI, the per-room value for the Montreal Airport market increased by double digits for the third time in a row in 2017, bringing the value up to $126,526. Lower growth of 9.5% is projected for both 2018 and 2019, and value growth is then expected to moderate.

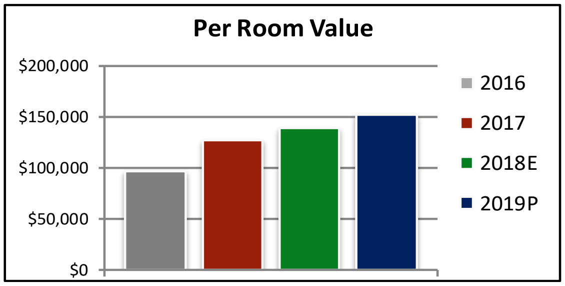
The strong growth that occurred in 2017 moved the market up to fourteenth position among the major markets in Canada, whereas it was near last place in 2016. By 2021, the market is expected move up two more spots to twelfth place. Even with this improvement, the Montreal Airport market will remain well below the Vancouver and Toronto Airport markets, which are expected to rank third and fifth in 2021 with a per-room value of $359,100 and $260,800, respectively, in comparison to $160,355 for the Montreal Airport market.

**Table 12 — Montreal Airport Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $50,234 | $58,265 | $63,852 | $68,234 | $74,987 | $83,429 | $96,280 | $126,526 |
| **y/y % Change** | -1.3% | 16.0% | 9.6% | 6.9% | 9.9% | 11.3% | 15.4% | 31.4% |
| **Index** | 0.51 | 0.59 | 0.65 | 0.69 | 0.76 | 0.85 | 0.98 | 1.28 |

**Table 13 — Montreal Airport Forecasted Values (2017–2020)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $138,520 | $151,717 | $154,196 | $160,355 |
| **y/y % Change** | 9.5% | 9.5% | 1.6% | 4.0% |
| **Index** | 1.41 | 1.54 | 1.57 | 1.63 |
| **Rank** | 12 | 11 | 12 | 12 |



**MONTREAL DOWNTOWN** is a major hub for European and North American trade thanks to its historical relationship with France and its location on the St. Lawrence Seaway. The bilingual city is also considered to be a powerhouse in information and communication technology, which is contributing to GDP growth of 2.2% in 2018. Google, Microsoft, and Facebook have chosen to base their Artificial Intelligence labs in the city, and Montreal has been chosen, in partnership with Inspired Minds, to hold the World Summit AI for America for 2019 to 2021. This major event will attract 6,000 participants and generate approximately 32,500 room nights, coming on top of the 140 annual international events that make Montreal the number one destination for international conventions in North America.

In 2017, Canada 150 and the city's 375th anniversary helped to boost the number of overnight visitors by 5.3%. The rate of growth in visitation is expected to moderate to 2.3% in 2018, supported by such events as the Montreal Jazz Festival, the Montreal Grand Prix, and the Canadian Swimming Championships. The City has set a target of reaching 13.5 million annual tourists by 2022.

With the surge in visitation in 2017, the RevPAR grew by 8.4%, driven by a 7.4% gain in ADR and a 3.2% increase in demand. In 2018, there has been a significant increase in supply in conjunction with modest demand growth (which is positive given the robust growth that was realized in 2017). With the decrease in occupancy from the new supply, the market is expected to sustain a 3.9% drop in RevPAR. The re-opening of the Queen Elizabeth in brought 950 rooms back into the market, which has also faced new supply in the form of the AC by Marriott, the Hotel Monville, and the Birks Hotel. In total, the market will have 1,070 more rooms in 2018 than in 2017. Supply growth is expected to continue after 2018 but at a more moderate pace of roughly 3.0% per year, which is more aligned with the projected demand growth of 4.0% per year. This will have a beneficial effect on the RevPAR, which should be back to the 2017 level by 2019.

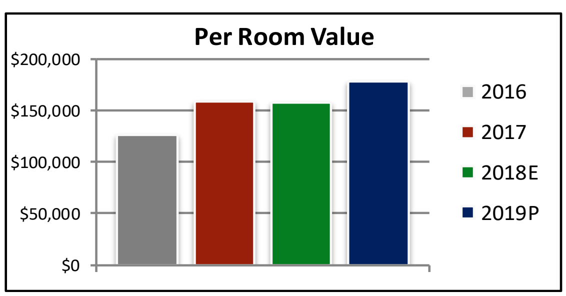
Against this backdrop, the per-room value for the Montreal Downtown market skyrocketed to $159,101 in 2017, reflecting an increase of 26.1%, which is well above the 13.2% increase that had been projected in HVI 2017. The value is expected to contract slightly in 2018 before again seeing double-digit growth in 2019 and 2020, surpassing the $200,000 market in the latter year. With a projected per-room value of $213,671 in 2021, the Montreal Downtown market is expected to occupy sixth position among the 19 major markets in Canada.

**Table 14 — Montreal Downtown Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $68,632 | $72,728 | $70,166 | $79,069 | $97,277 | $106,765 | $126,186 | $159,101 |
| **y/y % Change** | -7.0% | 6.0% | -3.5% | 12.7% | 23.0% | 9.8% | 18.2% | 26.1% |
| **Index** | 0.70 | 0.74 | 0.71 | 0.80 | 0.99 | 1.08 | 1.28 | 1.62 |

**Table 15 — Montreal Downtown Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $158,306 | $178,604 | $200,908 | $213,671 |
| **y/y % Change** | -0.5% | 12.8% | 12.5% | 6.4% |
| **Index** | 1.61 | 1.81 | 2.04 | 2.17 |
| **Rank** | 8 | 7 | 6 | 6 |



**NEW BRUNSWICK** is the largest of the three Maritime Provinces and home to three major cities: Fredericton, Saint John, and Moncton. Historically, the province relied upon mining activity. This sector is still active with the opening of new, smaller mines, but the economy is now more diversified, having moved into new sectors, such as retail and services, tourism, forestry, and industrial fabrication. Seafood exports to Asia are expected to increase, and new export opportunities are being developed with Europe within the framework of the Canada-European Union Comprehensive Economic & Trade Agreement (CETA).

According to the Conference Board of Canada, the province's GDP is expected to increase for the fifth time in a row in 2018, although at a lower pace than in 2017. The slowdown in growth is largely due to the completion of the Kedgwick Transmission Line, which was a major project in the province. New Brunswick has struggled to maintain its population and has turned to immigration to offset the effects of the aging population and the migration of young workers to other provinces with better job opportunities.

The opening of the new 9,000-seat events centre in downtown Moncton in September 2018 and a new arena in Edmundston in 2017 is expected to support growth in travel activity in 2018. In 2021, the Games of La Francophonie will be held in Moncton and Dieppe, which will bring more than 3,000 participants from more than 50 member nations.

New supply entered the market in 2018, including the Hilton Garden Inn Fredericton, the Radisson Fredericton, and the Holiday Inn Express & Suites Moncton. In total, 244 new rooms have opened in the New Brunswick market this year. Demand growth is expected to be flat in 2018 following the strong growth that was registered in the two previous years, leading to a decrease in occupancy. Demand growth is projected to resume in 2019, and all the new supply is expected to be fully absorbed by 2021, at which time the occupancy is expected to exceed the 2017 level.

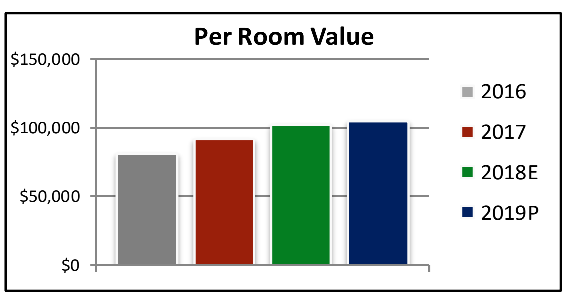
The per-room value for the province is expected to increase by double digits for the third consecutive year in 2018. More moderate growth of between 3.0% and 4.0% is projected for the three years that follow, resulting in an increase in the per-room value from $101,802 in 2018 to $113,495 in 2021. New Brunswick is expected move up to sixteenth place in the value-per-room ranking, up from eighteenth out of 19 in 2017.

**Table 16 — New Brunswick Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $74,246 | $68,032 | $64,079 | $67,275 | $69,435 | $73,152 | $80,873 | $91,644 |
| **y/y % Change** | 10.8% | -8.4% | -5.8% | 5.0% | 3.2% | 5.4% | 10.6% | 13.3% |
| **Index** | 0.75 | 0.69 | 0.65 | 0.68 | 0.70 | 0.74 | 0.82 | 0.93 |

**Table 17 — New Brunswick Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $101,802 | $104,895 | $109,088 | $113,495 |
| **y/y % Change** | 11.1% | 3.0% | 4.0% | 4.0% |
| **Index** | 1.03 | 1.06 | 1.11 | 1.15 |
| **Rank** | 16 | 17 | 16 | 16 |



**NEWFOUNDLAND AND LABRADOR** produces one-third of Canada's conventional light crude thanks to four offshore production facilities: Hibernia, Terra Nova, White Rose, and Hebron. Since the provincial economy is highly dependent on oil production, it was deeply affected by the downturn in oil sector from 2014 to 2016. Prices dropped from $99 a barrel in 2014 to $52 and 45$ in 2015 and 2016, respectively. As a consequence, production fell by 20.5% in 2015. Production started increasing again in late 2016, leading to positive growth in GPD. Even with this growth, unemployment in the province is projected to remain the highest in the country at around 14% over the next three years. The province has been negatively affected by not only the oil crisis but also the aging population and a slowdown in capital investment.

The economic downturn also affected the hotel industry. Lodging demand declined steadily between 2014 and 2018 with the exception of 2017 when a marginal 0.9% increase was realized. The biggest contraction—an 8.5% decrease—is expected for 2018. At the same time, the room supply is projected to increase by 7.3% this year with the opening of the Sandman St. John's, the Alt Hotel St. John's, and the Best Western Plus St. John's Airport Hotel & Suites, which together brought 524 additional rooms to the market. The drop in demand and the increase in supply resulted in a significant decrease in RevPAR to a level lower than any year in the past decade. In the years that follow, supply growth is expected to be more aligned with demand growth, allowing for a slight improvement in RevPAR.

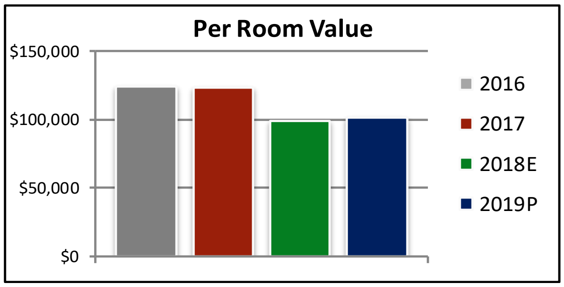
With the sharp drop in RevPAR in 2018, the per-room value for the province is expected to fall to $98,834, which represents an index of 1.00, showing no improvement since 2015. This puts the Newfoundland and Labrador market into eighteenth position for per-room value among all the major markets in Canada, moving it out of the top ten where it was in 2016.

**Table 18 — Newfoundland Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $118,937 | $127,652 | $138,540 | $147,663 | $141,462 | $134,323 | $124,502 | $123,309 |
| **y/y % Change** | 12.6% | 7.3% | 8.5% | 6.6% | -4.2% | -5.0% | -7.3% | -1.0% |
| **Index** | 1.21 | 1.30 | 1.41 | 1.50 | 1.44 | 1.36 | 1.26 | 1.25 |

**Table 19 — Newfoundland Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $98,834 | $101,177 | $105,176 | $109,480 |
| **y/y % Change** | -19.8% | 2.4% | 4.0% | 4.1% |
| **Index** | 1.00 | 1.03 | 1.07 | 1.11 |
| **Rank** | 18 | 18 | 18 | 18 |



**NIAGARA FALLS**, a natural wonder that functions as a border between Canada and the US, is a major attraction that draws 12 million visitors a year, more than a third of whom stay for the night. Thanks to the low Canadian dollar and the location on the border, the Niagara Falls region is especially attractive to visitors from the United States.

In addition to the falls, the city has an abundance of hotels, casinos, convention centres, professional golf courses, and family-style resorts. Because of these improvements, Niagara Falls is often called the Las Vegas of Canada.

Paradise Walk, a massive development project, is proposed for development in Niagara Falls. The project entails a modern European village with amusement-park rides, international restaurants, boutique hotels, and condos. The grand opening is scheduled for the fall of 2021. Aside from this proposed development, the market has been relatively stable with no notable changes, the exceptions being the closure of the 185-room Comfort Inn Clifton Hill in 2016 and the opening in 2018 of the Holiday Inn Express & Suites Niagara-on-the-Lake and the Staybridge Suites Niagara-on-the-Lake, which together added 150 rooms to the market.

The Niagara Falls market sustained double-digit RevPAR growth in both 2015 and 2016. A more modest increase of just 1.9% is projected for 2018 because demand growth has been almost flat this year, reflecting the slight appreciation of the Canadian dollar. Over the next three years, demand is projected to grow 2.0% per year.

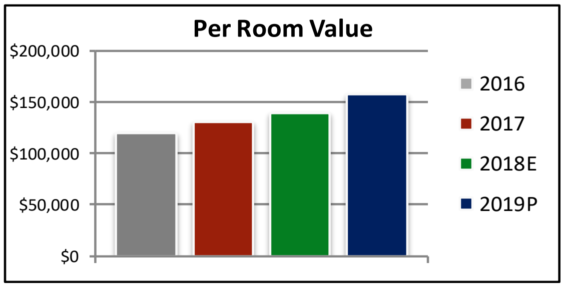
In 2017,the per-room value for the Niagara Falls market grew by 9.0%, representing the fourth consecutive year of solid growth. Less robust growth is projected for 2018 because demand did not grow at the same pace as in 2017; however, the rate of value growth is projected to pick up again in 2019 and 2020. With this growth, the Niagara Falls market moved from twelfth place in the per-room-value rankings in 2016 to ninth in 2017, and it is projected to move into eighth spot by 2021. The per-room value is projected to increase from $131,027 in 2017 to $190,277 in 2021.

**Table 20 — Niagara Falls Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $77,859 | $72,790 | $75,647 | $77,410 | $86,509 | $103,304 | $120,197 | $131,027 |
| **y/y % Change** | 21.7% | -6.5% | 3.9% | 2.3% | 11.8% | 19.4% | 16.4% | 9.0% |
| **Index** | 0.79 | 0.74 | 0.77 | 0.79 | 0.88 | 1.05 | 1.22 | 1.33 |

**Table 21 — Niagara Falls Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $139,810 | $157,868 | $176,264 | $190,277 |
| **y/y % Change** | 6.7% | 12.9% | 11.7% | 8.0% |
| **Index** | 1.42 | 1.60 | 1.79 | 1.93 |
| **Rank** | 11 | 10 | 9 | 8 |



**OTTAWA-GATINEAU**, as Canada's Capital Region, is mainly driven by the public administration sector, which accounts for one-fifth of jobs in the region and one-fourth of the GDP. The economy is nevertheless well balanced, supported by the stability of government employment and the advanced technology sector, which is now more diversified than it was in the past.

As the national capital, the celebration of Canada 150 resulted in a surge in visitation in 2017, bringing 1.5 million additional visitors to the city. This helped to spur a relatively strong 3.1% increase in GDP that year. For 2018, GDP growth is projected to moderate to 2.2%, supported by more hiring in the public administration sector and new spending measures.

Lodging demand increased by 6.0% in 2017, and hoteliers leveraged the increase in demand to raise room rates. The market-wide ADR increased by 9.6%, yielding a 14.3% improvement in RevPAR. Following the strong growth in 2017, the market has normalized in 2018 with minimal growth being registered. In terms of supply, the closure of the 218-room Extended Stay Canada Ottawa Downtown was offset by the opening of three new hotels (the Homewood Suites Kanata, the Homewood Suites Ottawa Airport, and the Hotel Le Germain), resulting in no change in the room count for 2018.

Five new hotels are expected to enter the market in 2019: the Glo Hotel Kanata Ottawa West, the Holiday Inn Express & Suites Ottawa, the Hilton Garden Inn & Homewood Suites, the Wingate Kanata, and the newly opened Fairfield Inn & Suites Ottawa Airport. These hotels will add 823 new rooms to the market, reflecting an 8.0% increase in supply. The room count is expected to continue growing in the years that follow, inducing demand into the market. Demand is projected to grow by 5.0%, 4.0%, and 3.0%, respectively, over the next three years, boosted by the $5.1-billion LRT project and the $3-billion Parliament Buildings renovation project.

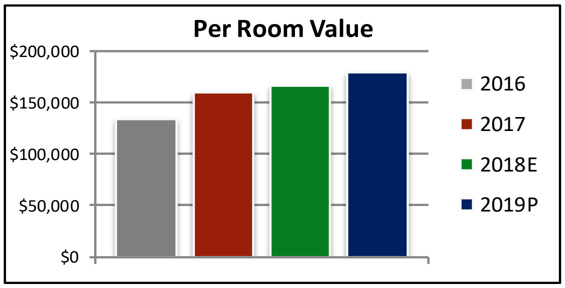
The value per room for 2017, which had been estimated at $151,712 in the previous HVI, actually reached $159,683, representing the first double-digit growth for the market since 2010. More moderate growth of between 2.2% and 7.8% is projected over the next four years. The index is projected to be just shy of 2 in 2021, meaning that a hotel located in Ottawa-Gatineau that year will be worth almost twice as much as a similar hotel in Canada was worth in 2005. Despite this improvement, Ottawa-Gatineau is projected to fall from fourth-highest per-room value in 2017 to seventh in 2021; this is an effect of markets in larger urban centres growing at a faster pace.

**Table 22 — Ottawa-Gatineau Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $102,069 | $110,195 | $112,539 | $111,334 | $116,948 | $126,323 | $133,979 | $159,683 |
| **y/y % Change** | 23.5% | 8.0% | 2.1% | -1.1% | 5.0% | 8.0% | 6.1% | 19.2% |
| **Index** | 1.04 | 1.12 | 1.14 | 1.13 | 1.19 | 1.28 | 1.36 | 1.62 |

**Table 23 — Ottawa-Gatineau Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $166,570 | $179,526 | $190,603 | $194,839 |
| **y/y % Change** | 4.3% | 7.8% | 6.2% | 2.2% |
| **Index** | 1.69 | 1.82 | 1.94 | 1.98 |
| **Rank** | 6 | 6 | 7 | 7 |



**QUEBEC CITY** is the provincial capital and so benefits from the presence of a large and stable administration sector. According to the Conference Board of Canada, the city's GDP is projected to increase by 2.3% in 2018 and 2.0% in 2019, fuelled by service-producing industries and high-tech companies, which together provide 87% of the jobs in the region and generate 80% of the GDP. Quebec City is one of the few cities in the country that manages to have balanced books. The unemployment rate is one of the lowest in the country and is projected to remain around 4.0% over the next four years, thanks largely to job expansion in information and cultural industries.

The Quebec City lodging market has been fairly stable from the perspective of supply. No new supply entered the market in 2018, and the only anticipated supply changes are the renovation of the Hotel Le Priori, which suffered a fire in 2017, and the year-long renovation of the 571-room Hilton Quebec that is planned for 2020.

In 2017, Montreal's 375th anniversary celebrations boosted demand in Quebec City by 4.6% and prices by 3.7%, leading to a 7.6% increase in RevPAR compared to 2016. In the light of this, the value per room increased by 21.6% in 2017, far above the increase of 4.6% that had been projected for this year in the previous HVI report. This puts Quebec City into tenth place in the ranking, up seven positions from 2016.

Lodging demand is projected to grow at a stable rate of 3.0% in both 2018 and 2019, but flat growth is projected for 2020 because of the temporary closure of the Hilton Quebec. In June 2018, Quebec City acted as a lodging alternative for Charlevoix while the G7 Summit took place. As a result of this event, approximately 6,000 room nights were generated between May and mid-June. The ADR increased in response to the higher occupancy levels. Overall, this event had a very positive effect on the market-wide RevPAR, which is projected to grow from $120 in 2017 to $127 in 2018. RevPAR growth is expected to continue through to 2021 at a compound annual rate of approximately 5.0%.

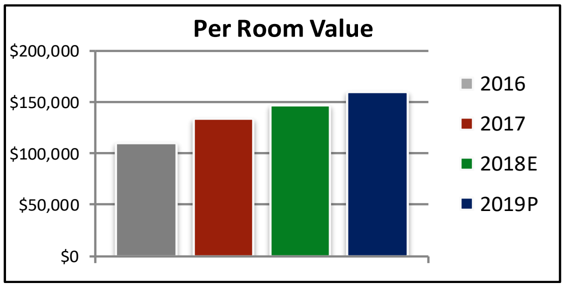
In terms of value per room, another strong increase of 9.6% is projected for 2018, and similar growth is projected the two years that follow. The projected value of $186,355 per room in 2021 positions Quebec City in ninth place in the ranking.

**Table 24 — Quebec City Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $76,082 | $80,755 | $82,942 | $79,873 | $92,065 | $96,184 | $110,047 | $133,855 |
| **y/y % Change** | 3.0% | 6.1% | 2.7% | -3.7% | 15.3% | 4.5% | 14.4% | 21.6% |
| **Index** | 0.77 | 0.82 | 0.84 | 0.81 | 0.93 | 0.98 | 1.12 | 1.36 |

**Table 25 — Quebec City Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $146,701 | $160,495 | $178,356 | $186,335 |
| **y/y % Change** | 9.6% | 9.4% | 11.1% | 4.5% |
| **Index** | 1.49 | 1.63 | 1.81 | 1.89 |
| **Rank** | 9 | 9 | 8 | 9 |



**REGINA**, the capital of Saskatchewan, is home to many head offices and crown corporations, as well as a large public administration sector, but its economy is essentially resource-based with strong roots in agriculture, oil and gas production, and the mining of potash, uranium, kaolin, sodium, sulphite, and bentonite. The oil crisis, combined with difficulties in agriculture and challenging pricing for potash and uranium, led to negative GDP growth in 2014 and 2015, the city's first experience with recession in the past 20 years. Unemployment increased but nonetheless remained lower than the provincial and national averages.

GDP growth resumed in 2017, but this improvement was not immediately tranferred to the lodging market. In 2017, both demand and ADR contracted, leading to a double-digit drop in RevPAR. Consequently, the value per room fell 23.5% in 2017, a much more severe drop than the decline of 16.8% that had been projected in the previous HVI report. The index fell below 1 for the very first time, meaning that a hotel room in Regina in 2017 was worth less than what a comparable hotel room in Canada was worth in 2005.

In 2018, the economy has continued to recover, supported by such projects as Mosaic Stadium, which features 40,000 seats, and the Regina Bypass Project, which will transform the local transportion infrastructure. For the first time since 2014, the per-room value is expected to increase in 2018, reaching $95,985, which reflects an increase of 6.1% relative to the 2017 level. This growth was supported by the return of demand growth to the market and the absence of any additional supply.

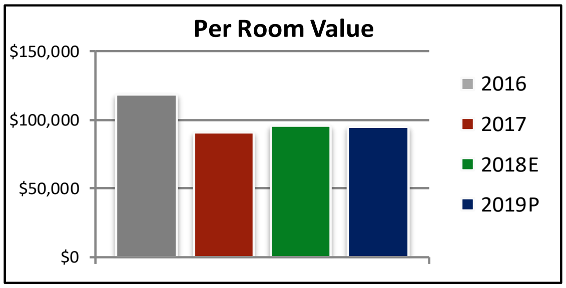
Despite the rebound in 2018, the index is not expected to come back on par with the market before 2020. As a result of this weak performance, the Regina market will be at the very bottom of the value ranking from 2017 to 2021, whereas it had been sixth in 2014 prior to the recession.

**Table 26 — Regina Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Per Room Value | $112,124 | $125,976 | $132,881 | $151,012 | $134,616 | $120,879 | $118,289 | $90,451 |
| y/y % Change | 6.8% | 12.4% | 5.5% | 13.6% | -10.9% | -10.2% | -2.1% | -23.5% |
| Index | 1.14 | 1.28 | 1.35 | 1.53 | 1.37 | 1.23 | 1.20 | 0.92 |

**Table 27 — Regina Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| Per Room Value | $95,985 | $95,025 | $101,772 | $104,790 |
| y/y % Change | 6.1% | -1.0% | 7.1% | 3.0% |
| Index | 0.97 | 0.96 | 1.03 | 1.06 |
| Rank | 19 | 19 | 19 | 19 |



**SASKATOON**, the second-youngest city in Canada, has a fast-growing population thanks to Syrian immigration. Saskatoon is home to Nutrien, the world's largest potash producer, and Cameco Corporation, the largest uranium company in the world. By having a resource-oriented economy, Saskatoon suffered from the 2015 oil crisis. In 2017, weakness in the uranium sector forced Cameco to halt production, resulting in 900 dismissals. Other sectors, such as agriculture, mining, biotechnology, and construction, allowed GDP growth to resume in 2017.

As a consequence of the recession, the RevPAR contracted by 12.1% and 14.8% in 2015 and 2016, respectively. This negative performance was due to a drop in both demand and room rates, combined with a strong increase in supply.

With the recovery, demand growth resumed in 2017 but was not strong enough to offset the 5.4% decline in prices. This situation persisted in 2018 when both a decline in prices and an increase in supply offset the 5.0% increase in demand. The situation is expected to finally reverse in 2019 when 5.0% demand growth and a slower increase in supply are projected to yield positive RevPAR growth. The occupancy level is projected to increase by 2.5 percentage points that year, encouraged by less new supply.

A modest increase in RevPAR is projected for 2020 when supply is projected to grow at a slightly stronger pace than demand, but a stronger 6.1% increase is projected to take place in 2021.

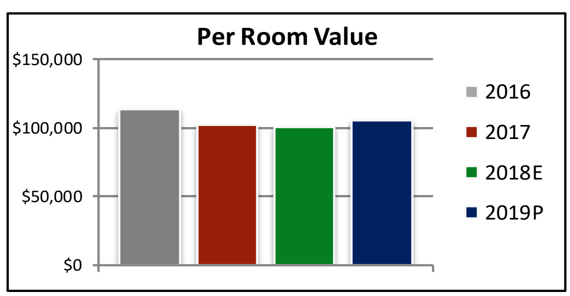
For the first time since 2014, the per-room value is expected to increase in 2019, reaching $105,789. Additional value growth is projected for 2020 and 2021. By 2021, the value per room for Saskatoon is projected to be $113,065. Despite the improvement, this value is still 30% lower than the 2013 level, putting the market near the bottom of the ranking, two positions above Regina. The fact that both the capital of and the largest city in Saskatchewan occupy the seventeenth and nineteenth positions in the value ranking is an indication of how much the decrease in oil prices and the downturn in other commodity markets have negatively affected the province.

**Table 28 — Saskatoon Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $138,545 | $140,253 | $150,457 | $159,780 | $155,897 | $137,803 | $113,682 | $101,922 |
| **y/y % Change** | 9.1% | 1.2% | 7.3% | 6.2% | -2.4% | -11.6% | -17.5% | -10.3% |
| **Index** | 1.41 | 1.42 | 1.53 | 1.62 | 1.58 | 1.40 | 1.15 | 1.03 |

**Table 29 — Saskatoon Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $100,938 | $105,789 | $106,585 | $113,065 |
| **y/y % Change** | -1.0% | 4.8% | 0.8% | 6.1% |
| **Index** | 1.02 | 1.07 | 1.08 | 1.15 |
| **Rank** | 17 | 16 | 17 | 17 |



The **TORONTO AIRPORT WEST** lodging market is strongly influenced by the presence of Toronto Pearson International Airport, which is located in Mississauga and acts as the primary airport for the Golden Horseshoe. Pearson is the largest and busiest airport in Canada. Renovations are underway with the objective of making the airport able to accommodate 50 million passengers a year by 2020. In 2017, the airport's air capacity increased through new routes to Mumbai, Berlin, and Reykjavik, as well as more flights to the US, Montreal, and Moncton. The Toronto Airport West lodging market also relies on the strong business activity that takes place in the area surrounding the airport, supported by the presence of two major convention centres, the Metro Toronto Convention Centre and the International Centre.

Following the airport renovations in 2017, demand is projected to grow at an annual rate of 3.0% over the next four years. Because almost no new supply has entered the market since 2014, the exception being some minor conversions and renovations, the increase in demand is putting upward pressure on prices. The market-wide ADR grew by 11.6% in 2017, and it is expected to grow another 8.0% this year, leading to a double-digit increase in RevPAR for the third year in a row. Five new hotels are in the pipeline for 2020 and 2021: two Holiday Inn Express properties, the Hyatt Place Toronto Airport, the Tru by Hilton Toronto Airport, the Element Toronto Airport, and a dual-branded hotel that will be affiliated with both Hyatt Place and Hyatt House. These developments will bring 910 new rooms to the market. However, the new supply will be absorbed almost immediately, and the market-wide occupancy level is expected to remain above 80% throughout this period.

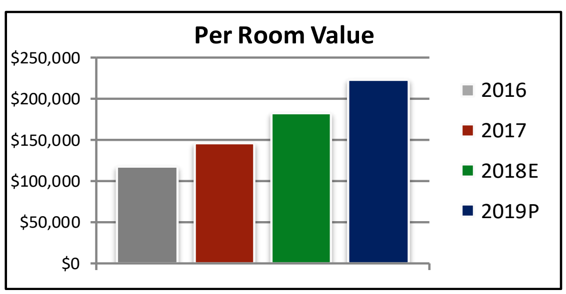
The strong growth in this market will have a positive effect on the value per room, which is projected to reach $181,919 in 2018, a 25.1% increase from 2017. Similar value growth is projected for 2019, followed by more modest growth of 8.7% and 7.8% in 2020 and 2021, respectively. The value per room has more than tripled over the past ten years, and it is expected to reach $260,792 by 2021. This huge increase will position the market in fifth place, two spots behind the Vancouver Airport market. This represents an improvement of three positions from the 2017 ranking.

**Table 30 — Toronto Airport West Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $76,073 | $72,358 | $71,612 | $74,178 | $84,473 | $98,100 | $117,679 | $145,393 |
| **y/y % Change** | 32.3% | -4.9% | -1.0% | 3.6% | 13.9% | 16.1% | 20.0% | 23.6% |
| **Index** | 0.77 | 0.73 | 0.73 | 0.75 | 0.86 | 1.00 | 1.19 | 1.48 |

**Table 31 — Toronto Airport West Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $181,919 | $222,694 | $242,007 | $260,792 |
| **y/y % Change** | 25.1% | 22.4% | 8.7% | 7.8% |
| **Index** | 1.85 | 2.26 | 2.46 | 2.65 |
| **Rank** | 5 | 4 | 4 | 5 |



**TORONTO DOWNTOWN** has one of the fastest-growing economies in Canada, driven by the financial services industry, the information and communication technology sector, and life sciences. The construction industry has boosted the local economy, particularly since a number of major infrastructure and development projects have been taking place, including The One, which at 85 storeys will be Canada's tallest structure when it is completed. Toronto is also the country's largest and most-visited city. Toronto is particularly attractive to US tourists thanks to the low Canadian dollar and a two-year alliance with New York City aimed at boosting reciprocal travel by sharing marketing tools and discounting flights. The increase in direct air capacity has also spurred a rise in international visitation. According to the Conference Board of Canada, the city's GDP is set to grow 2.4% in 2018.

In 2018, the Hotel X opened with 404 rooms, counterbalancing the loss of 346 rooms from the Park Hyatt, which closed for renovation; this property is expected to re-open in 2019 with a smaller room count of 220. Over the projection period, six new hotels will open in the market, including the Canopy by Hilton Toronto Yorkville, the Ace Hotel, and the Hilton Toronto North York, representing 1,013 new rooms in total. Even with this new supply, the market will continue to operate at a high occupancy level, creating many periods when demand cannot be accommodated. This compression is putting upward pressure on room rates. The market-wide ADR is projected to increase by 8.0% in 2018 and 5.0% each year thereafter through to 2021. The RevPAR is projected to exceed the $200 mark for the first time next year.

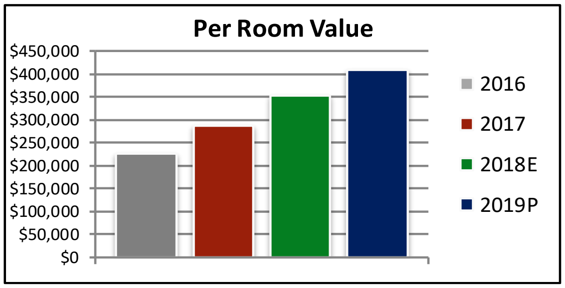
In this dynamic context, the value per key is projected to increase by 22.9% this year, following two consecutive years of growth above 20%. Double-digit value growth is projected for each year through 2021. The value per key is projected to increase from $353,129 in 2018 to $519,843 in 2021. By 2021, the index is projected to surpass 5, meaning that a hotel room in Toronto Downtown will be worth five times as much as a hotel room in Canada was worth in 2005. Toronto Downtown is projected to have one of the highest per-room values in the country, close to that of the Vancouver Downtown market. These high values are driven principally by the high cost and scarcity of available land.

**Table 32 — Toronto Downtown Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $129,552 | $120,787 | $130,197 | $143,708 | $156,909 | $184,450 | $225,874 | $287,421 |
| **y/y % Change** | 41.8% | -6.8% | 7.8% | 10.4% | 9.2% | 17.6% | 22.5% | 27.2% |
| **Index** | 1.32 | 1.23 | 1.32 | 1.46 | 1.59 | 1.87 | 2.29 | 2.92 |

**Table 33 — Toronto Downtown Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $353,129 | $408,651 | $472,767 | $519,843 |
| **y/y % Change** | 22.9% | 15.7% | 15.7% | 10.0% |
| **Index** | 3.59 | 4.15 | 4.80 | 5.28 |
| **Rank** | 2 | 2 | 2 | 2 |



**VANCOUVER AIRPORT** is only 25 minutes away from Vancouver Downtown thanks to the SkyTrain Canada Line, which opened in 2009. Vancouver International Airport serves more than 24 million passengers annually with 50 airlines and 125 destinations. Three airlines are dedicated specifically to China, and a fourth is set to begin service in 2019. The airport is located in Richmond, where immigrants from China make up 30% of the population. An increase in visitation from Mexico has been taking place since the Government of Canada eliminated visa requirements for Mexican travellers in December 2016.

The room supply has been either stable or in decline since 2013. At the same time, demand has grown steadily with the inauguration of new destinations and the expansion in air capacity at the airport. This has put upward pressure on room rates. The market-wide ADR is expected to increase at an especially strong rate of 12.5% in 2018. Since 2014, the RevPAR has grown by double digits in each year. However, a slight slowdown is projected for 2019 because the 110-room Opus Hotel will open in July of that year. The only other new supply facing the market is the 313-room dual-branded Residence Inn/Courtyard by Marriott that is slated to open in June 2021. The market is expected to immediately absorb this new supply—the market-wide occupancy is projected to remain above 80% throughout this period.

In this environment, the value per room continues to register strong gains. The per-room value surpassed the $200,000 mark in 2017, having realized an increase of 21.9% over the previous year, which is stronger than the increase of 17.6% that had been projected in the previous HVI report. Moreover, the value per room is projected to exceed $300,000 by 2020, supported by steady double-digit growth each year.

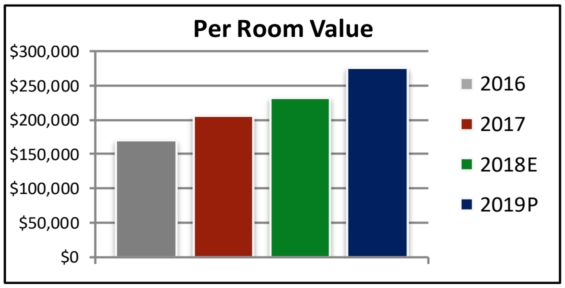
The Vancouver Airport lodging market was third in the value rankings in 2017, and it is projected to remain in this position as of 2021.

**Table 34 — Vancouver Airport Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $122,168 | $98,722 | $97,523 | $105,373 | $117,586 | $140,575 | $169,530 | $206,700 |
| **y/y % Change** | 30.8% | -19.2% | -1.2% | 8.0% | 11.6% | 19.6% | 20.6% | 21.9% |
| **Index** | 1.24 | 1.00 | 0.99 | 1.07 | 1.19 | 1.43 | 1.72 | 2.10 |

**Table 35 — Vancouver Airport Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $232,487 | $275,257 | $311,768 | $359,065 |
| **y/y % Change** | 12.5% | 18.4% | 13.3% | 15.2% |
| **Index** | 2.36 | 2.79 | 3.17 | 3.65 |
| **Rank** | 3 | 3 | 3 | 3 |



**VANCOUVER DOWNTOWN** has been the locus of robust economic activity in recent years. The city is home to 800 global mining and mineral firms. The information and communication technology sector is also a major economic driver; this sector is most actively acquiring new space in Downtown Vancouver. The office-market vacancy rate is at its lowest level since 2009. According to the Conference Board of Canada, Vancouver's GDP is set to grow 2.9% in 2018 following on three years of 4.0% average annual growth. This impressive economic growth can be attributed to the booming housing market. Housing transactions slowed down in 2017, but prices are still on the rise, making Vancouver one of the most unaffordable housing markets in the world.

The same situation is evident in the Vancouver Downtown lodging market, where the value per room is projected to grow by approximately 20% for the fourth consecutive year in 2018. The same rate of growth is projected for 2019, followed by more modest increases in 2020 and 2021 that nevertheless remain in the double digits. In 2018, the value per room is expected to reach $412,853, making Vancouver Downtown the most expensive market among the 19 being ranked. By 2021, the per-room value is projected to reach $641,638. The Vancouver Downtown market is projected to see slightly stronger value growth than the Toronto Downtown market, retaining its top position in the rankings.

The Vancouver Downtown lodging market has maintained a fairly stable supply base in recent years. In 2017 and 2018, three new hotels opened, bringing 685 new rooms to the market; however, the closure of the Empire Landmark and the Coast Plaza together removed 557 rooms from the market, offsetting the increase from the new hotels.

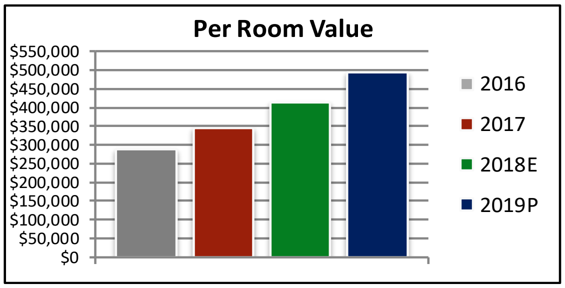
Minimal demand growth is projected for Vancouver Downtown because the market is running at capacity. Nevertheless, events are taking place that will drive additional demand growth, such as the Globe Conference and the 2018 Canadian Figure Skating Championships. The Vancouver Convention Centre is expected to have a record-breaking year in 2018 with 33 citywide events, five more than in 2017. In 2019, the World Rugby Seven Series will take place in Vancouver, and the passenger count for Alaska cruise ships disembarking from Vancouver is expected to reach one million. The Vancouver Downtown market is so saturated that hoteliers can easily increase prices without negatively affecting occupancy. Since 2017, the market-wide ADR has increased at an average annual compounded rate of 6.0% at the same time that occupancy levels have steadily increased.

**Table 36 — Vancouver Downtown Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $176,599 | $172,060 | $166,844 | $173,901 | $190,802 | $230,223 | $288,664 | $345,669 |
| **y/y % Change** | 35.4% | -2.6% | -3.0% | 4.2% | 9.7% | 20.7% | 25.4% | 19.7% |
| **Index** | 1.79 | 1.75 | 1.69 | 1.77 | 1.94 | 2.34 | 2.93 | 3.51 |

**Table 37 — Vancouver Downtown Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $412,853 | $495,404 | $572,076 | $641,638 |
| **y/y % Change** | 19.4% | 20.0% | 15.5% | 12.2% |
| **Index** | 4.19 | 5.03 | 5.81 | 6.51 |
| **Rank** | 1 | 1 | 1 | 1 |



**VICTORIA**, the capital of British Columbia, is heavily reliant on the public sector, which supports one-third of jobs in the region and contributes to one-fourth of economic activity. The economy is nevertheless well diversified, supported by the manufacturing and high-tech sectors, as well as the tourism industry. From 2007 to 2009, tourism was negatively affected by travel restrictions and new formalities regarding US passports—a passport became mandatory for all US citizens coming to Canada. The Victoria market was also negatively affected in 2010 when Vancouver hosted the Olympic Games and finished the expansion of its convention centre.

After average annual GDP growth of only 1.1% between 2010 and 2014, the economy strengthened in 2015 thanks to an increase in air capacity, the weakening of the Canadian dollar, and the elimination of visa requirements for Mexican travellers.

Since 2015, the market-wide ADR has been increasing at a strong pace. The strongest increase of 11.0% was registered in 2018. The strong rate growth has had no negative effect on the occupancy performance, as demand has remained flat while the room supply has decreased. The 180-room Harbour Towers Hotel closed in late 2017, and no new supply is expected to enter the market to compensate for the loss of rooms over the rest of the period until 2021. Demand growth is also expected to be flat for the next three years. In this context, the occupancy is expected to remain stable and the RevPAR is projected to increase, supported by rising room rates. In 2021, the market-wide RevPAR is projected to be at the highest level since 2005.

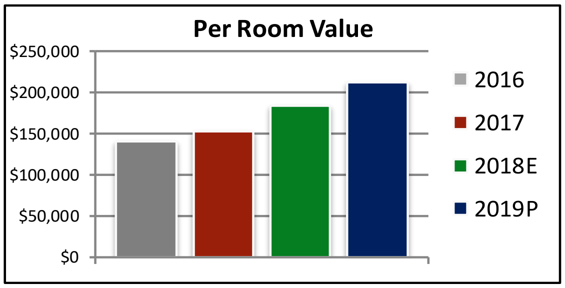
The outlook is positive for this market. The per-room value is estimated to be $184,563 in 2018, and it is projected to reach $273,346 in 2021. Since 2013, the market has sustained value growth of roughly 10% per year, aside from stronger growth of 16.0% in 2016, and much stronger growth of 20.8% is projected for 2018. The index is expected to rise above 2 in 2019, meaning that a hotel room in Victoria will be worth more than twice as much as a hotel room in Canada was worth in 2005. The Victoria market is projected to have the fourth-highest per-room value in the rankings in 2021, up two places from 2017.

**Table 38 — Victoria Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Per Room Value** | $99,143 | $90,156 | $88,852 | $97,111 | $108,197 | $120,900 | $140,207 | $152,749 |
| **y/y % Change** | 23.3% | -9.1% | -1.4% | 9.3% | 11.4% | 11.7% | 16.0% | 8.9% |
| **Index** | 1.01 | 0.92 | 0.90 | 0.99 | 1.10 | 1.23 | 1.42 | 1.55 |

**Table 39 — Victoria Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| **Per Room Value** | $184,563 | $212,648 | $238,846 | $273,346 |
| **y/y % Change** | 20.8% | 15.2% | 12.3% | 14.4% |
| **Index** | 1.87 | 2.16 | 2.42 | 2.78 |
| **Rank** | 4 | 5 | 5 | 4 |



**WINNIPEG** is the administrative, financial, and distribution centre for Manitoba. The city has a diversified economy anchored in the manufacturing sector. Winnipeg occupies a central position in Canada close to the US border, which enhances its distribution capabilities. Since the recession in 2009, the city has realized steady GDP growth; an increase of 2.3% is projected for 2018.

The Winnipeg lodging market had a stronger year in 2017. Demand and RevPAR increased by 7.8% and 8.1%, respectively, that year. Winnipeg was host to the Canada Summer Games in the first two weeks of August 2017, and this event brought 20,000 visitors in the area.

The market has been going though a year of adjustment in 2018. Demand is estimated to have fallen 2.0%, leading to a 1.3% decline in RevPAR. Over the forecast period, seven new hotels have been announced for the market, including the Sutton Place Hotel Downtown Winnipeg, the Hilton Garden Inn Winnipeg Downtown, and the Hyatt Place Winnipeg Downtown, as well as a number of new projects at the airport. In total, 968 rooms will be added to the market between 2019 and 2021. The room supply is projected to increase at a stronger pace than demand in these years, leading to a decrease in occupancy.

The per room value for the Winnipeg market was up 6.1% in 2017 given the improvement in market conditions that year; this is slightly below the 10.3% increase in value that was projected for that year in the previous HVI report.

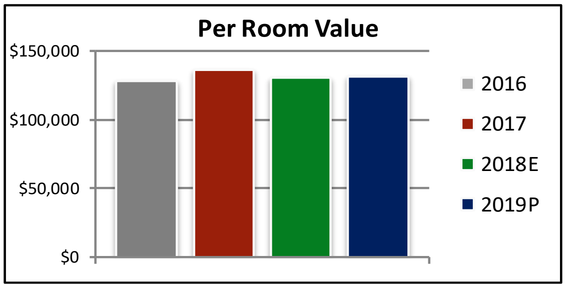
The value is projected to decline over the projection period while the new supply becomes absorbed. In 2021, the per-room value is estimated to be $128,440, putting the market in fourteenth position in the rankings, down one spot from 2017.

**Table 40 — Winnipeg Historical Values (2010–2017)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Per Room Value | $111,007 | $118,591 | $117,303 | $113,346 | $115,589 | $121,625 | $128,430 | $136,302 |
| y/y % Change | 13.0% | 6.8% | -1.1% | -3.4% | 2.0% | 5.2% | 5.6% | 6.1% |
| Index | 1.51 | 1.61 | 1.60 | 1.54 | 1.57 | 1.66 | 1.75 | 1.86 |

**Table 41 — Winnipeg Forecasted Values (2018–2021)**

| | 2018E | 2019P | 2020P | 2021P |
|---|---|---|---|---|
| Per Room Value | $130,588 | $131,133 | $131,529 | $128,440 |
| y/y % Change | -4.2% | 0.4% | 0.3% | -2.3% |
| Index | 1.78 | 1.78 | 1.79 | 1.75 |
| Rank | 14 | 14 | 14 | 14 |



## HOTEL VALUE FORECAST

With the exception of resource-based markets, Canadian lodging markets generally saw an increase in per-room value in 2017. However, Calgary is leading the pack in the rebound of the resource-based markets and saw a beginning of the recovery resulting in an increase in its hotel values in 2017. By the end of the forecast period in 2021, all non-resource-based markets are expected to achieve higher values than at the previous national peak in 2007.

The markets with the highest projected rate of growth in value in 2021 over 2017 are Vancouver Downtown and Vancouver Airport, followed by Toronto Downtown and Toronto Airport West, with Victoria ranking fourth in the country. Vancouver Downtown is projected to retain the highest per-room value in the country while Regina remains at the bottom with the lowest per-room value.

As a recovery in energy prices is expected to continue in 2018, the major lodging markets in areas connected to oil production—Calgary, Edmonton, Saskatoon, and Newfoundland and Labrador—are projected to return to positive value growth as of 2019. Regina is the only city still not projected to see a turnaround in the direction of value. Although a turnaround is projected for resource-based markets, it will nevertheless be a number of years before they return to the historical peak values seen in 2013 and 2014. This will be highly dependent on the speed at which the oil industry is able to bounce back.

The regional contrasts in the performance of lodging markets across the country are expected to slowly diminish. More temperate growth is projected for those provinces currently benefitting from weak oil prices and the low dollar at the same time that a slow recovery is expected to get underway for the regions that suffered from the downturn in the oil sector. This should lead to more consistent and stable pattern of hotel-value growth across the country.

## INDUSTRY OUTLOOK

The decline in oil and gas prices has continued to push investors and developers into taking a greater interest in Eastern Canada's lodging markets. According to Colliers International Hotels, Eastern Canada accounted for 50% of the transactions in Canada through the third quarter of the 2018—however these transactions accounted for 70% of the total investment volume with Quebec outpacing Ontario.

Overall, the Canadian lodging market has benefitted from the drop in the Canadian dollar and welcoming immigration/travel policies, which have stimulated more lodging demand. As such, another record-breaking year is projected for 2018. With a higher RevPAR comes an improvement in NOI. Interest rates and the Loonie are both low, which is fostering a very strong interest in acquiring hotel assets. Global investors in particular want to jump into the market because they perceive big bargains by virtue of the devalued Canadian dollar, along with favourable tax policies.

The value of a hotel room in Canada peaked in 2007 at $121,400. With the recession in 2009, the value fell sharply to $76,600, a drop of 32.4%. Since 2011, the overall value of a hotel room in Canada has steadily risen. In 2017, the Canadian per-room value reached $133,400, well surpassing the previous peak.

The Canadian lodging industry is poised to continue in a very positive stage of its lifecycle. In 2018, the per-room value of a hotel in Canada is projected to reach a new high of $143,300. Moreover, the value is projected to rise steadily through to 2021, reaching $169,900 per room in that year. On a more somber note, global economic fragility and current geo-political unrest with serious trade wars could potentially mitigate future growth in the Canadian lodging industry going forward.

# Understanding the HVI

The Hotel Valuation Index (HVI) tracks hotel values in 19 major markets, including Canada as a whole. Derived from an income capitalization approach, the HVI utilizes market area data provided by STR combined with historical operational information from HVS's extensive global experience in hotel feasibility studies and valuations. The data are then aggregated to produce a proforma performance for a typical hotel in each respective Canadian market. Based on our experience of real-life hotel financing structures gained from valuing hundreds of hotels each year, we then apply appropriate valuation parameters for each market, including loan-to-value ratios, real interest rates, and equity return expectations. These market-specific valuation parameters are applied to the net operating income for a typical full-service hotel in each city.

The HVI is an indexed value that uses the 2005 value of a typical Canadian hotel (2005 = 1.0000) as a base. Each market area is then indexed off this base with a number showing the value relationship of that market area to the base. For example, the index for the Toronto Downtown market in 2005 was 1.41, which means that the value of a hotel located in downtown Toronto was approximately 40% higher than that of a similar hotel in Canada as a whole in 2005.

The HVI allows one to not only compare the value of hotels in local markets against the national market, but also value differences between hotels in two different Canadian cities. For example, say that a hotel in Ottawa, Ontario, sold in 2008 for $100,000 per room. If a similar hotel were situated in Calgary, Alberta, it would probably have sold for $184,990 per room in 2008. This figure is calculated by taking the 2008 HVI for Calgary and dividing it by the 2008 HVI for Ottawa to determine the value adjustment.

$$\frac{\text{2008 HVI Calgary}(2.2118)}{\text{2008 HVI Ottawa }(1.1956)} = 1.8499$$

The 2008 sale price of $100,000 per room is then multiplied by the amount of the previously calculated factor of 1.8499, yielding the estimated 2008 sale price per room for Calgary.

$$\$100{,}000 \times 1.8499 \ = \$184{,}990$$

The HVI can also be used to determine the percentage change in value in the same market over time. To calculate, divide the HVI for the last year by the HVI for the first year and then subtract 1 from this calculation. For example, the HVI for Edmonton was 1.7657 in 2006 and 1.8613 in 2008. To calculate the estimated percentage change in value for a typical Edmonton hotel from 2006 to 2008, divide the 2008 HVI for Edmonton by the 2006 HVI and then subtract 1 to get an approximate 5% increase in value from 2006 to 2008.

$$\left(\frac{1.8613}{1.7657}\right) - 1 = 0.0541, \text{or } 5\%$$

# Interpreting the HVI

HVS routinely receives numerous inquiries as to how the Hotel Valuation Index data can be interpreted by hotel owners, investors, and lenders considering their own assets and investment strategies. The Canadian HVI tracks hotel values in Canada as a whole, as well as for 18 lodging markets. It is calculated using occupancy and average rate data provided by STR for each of the markets reviewed. These market data represent the aggregate performance of the vast majority of hotels within the defined geographic market.

The HVI is an index, a statistical concept reflecting a measure of the difference in the magnitude of a group of related variables compared with a base period. As such, it is a measure of broad market trends rather than a conclusion as to the specific value of any asset, and it cannot be applied to an individual asset. A good comparison is the Consumer Price Index. While this index provides a reliable measure of the overall rate of inflation in a region, it does not indicate how the price of milk has changed at one grocery store.

In any market, the aggregate nature of the STR occupancy and average rate data limits its comparability to an individual asset. In the case of the STR data used in developing the HVI, the breadth of the sample included in the report is a material factor. The sample for each market area includes virtually all the hotels in the defined market, ranging from economy to luxury properties; limited-service to full-service operations; assets in poor to excellent condition; and a wide array of locations, from Tier 1 urban settings to peripheral locations in tertiary submarkets. The resulting data, while an excellent measure of the overall trends in the market as a whole, cannot be applied to any individual submarket or asset group, much less any one hotel. For example, the addition of new supply, or a change in the performance of an individual submarket within the broader market, can cause that submarket to have significantly different results than the market as a whole.

Numerous factors influence the value of an individual asset, including the property's age, condition, location, amenities and services, brand, management expertise, and reputation. These factors must all be considered in the context of the hotel's specific competitive market, including the nature, strength, and trends in demand generators, the character and competitive posture of the existing hotels, and the potential addition of any new properties. The value of any individual asset can only be concluded after a thorough investigation of all these factors. That conclusion will invariably differ, often materially, from the index indicated by the HVI.

How, then, can the HVI be of use to an individual investor? Although the HVI cannot tell you what a particular hotel is worth, it does provide excellent "big picture" data, indicating which market areas are experiencing positive trends and may thus present good investment opportunities. The HVI for Canada is a measure of the strength of the lodging industry as a whole and, specifically, the hospitality investment market. The HVI for the various identified markets can provide a basis to evaluate and compare different geographic regions for investment purposes.

## About HVS

**HVS**, the world's leading consulting and services organization focussed on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrated its 38th anniversary in 2018. Each year, HVS performs more than 4,500 assignments for hotel and real estate owners, operators, and developers around the world. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 40 offices and 350 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. **HVS.com**

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**HVS Canada** performs major portfolio appraisals and single-asset consulting assignments and valuations from coast to coast. HVS Canada will celebrate its 25th year in 2018. Our professional team is expert in appraisal work, feasibility studies, market studies, portfolio valuation, strategic business planning, and litigation support. The managing partners in the Calgary, Montreal, Toronto, and Vancouver practices have their AACI, MAI, and MRICS/FRICS appraisal designations, and all associates are candidate members of the Appraisal Institute of Canada. HVS partners and associates are also members of the Appraisal Institutes of Alberta, New Brunswick, and Nova Scotia. Our bilingual associates enable us to work in French, which is of utmost importance in the provinces of Quebec and New Brunswick.

## About Authors


**Monique Rosszell** is a Senior Managing Partner of the Toronto and Montreal offices of HVS. Upon attaining a bachelor's degree in economics from Queen's University, she subsequently enrolled in the Master's program in Hotel and Restaurant Management at the Ecole Hôtelière de Lausanne and then attained both her AACI and her MRICS appraisal designations in Canada. She is also a member of the International Society for Hospitality Consultants (ISHC). Monique has completed hundreds of valuations and feasibility studies throughout Canada, including transaction and portfolio valuations. She also offers litigation and expert witness support, speaks at numerous conferences, and is a trusted advisor within the lodging industry in Eastern Canada.

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**Camille Mourier** came to the Toronto office as an intern after earning a Bachelor of Science Degree in International Hospitality Management at the Ecole Hôtelière de Lausanne in Switzerland. Prior to her internship, Camille held various positions in hotel and restaurant operations in Switzerland and Italy. She also developed partnerships with hotels and tour operators all around the world during another internship in a French start-up.

**Steven Millar** has been editing appraisal reports for HVS Canada since 2003. He received a B.A. (Hons.) with Distinction in Religious Studies from Mount Allison University in 2000 and an M.A. in Theory & Criticism from the University of Western Ontario in 2003. He currently resides in Wakefield, Quebec.