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HVS 2024 CANADIAN

HOTEL VALUATION INDEX

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The Canadian Hotel Market

As the end of 2024 closes in, the **CANADIAN LODGING MARKET** has moved beyond the post-Covid recovery phase. The year 2023 was a year of substantial growth, with the market-wide occupancy rate rising from 61.0% in 2022 to 65.7%. The Revenue per available room (RevPAR) increased by 18.2%, driven by a strong demand rebound and a significant 9.7% rise in the average daily rate. This marks a return to pre-pandemic occupancy levels and reflects the resurgence in domestic and international travel across the country.

Data for 2024 and beyond indicates a steady pace of growth for the coming years. Compared to 2023, hotel room inventory is projected to increase by 1.4% in 2024, with occupied room nights practically absorbing all the new room inventory resulting in a very slight decline in the occupancy rate, forecasted to be at 65.6%. ADR growth is expected to remain healthy but moderate to 3.5%, aligning with more stable demand patterns. Consequently, 2024 RevPAR growth is expected to be at 3.3%, signifying sustained recovery albeit at a tempered rate compared to the initial post-Covid surge. Moving forward, we expect RevPAR growth to slow as markets stabilize. These factors translate into decreasing hotel value growth rates over the medium term, in contrast to the high levels of growth we experienced before the pandemic.

As the economy bounced back from the pandemic, there was a clear link between the growth in ADR and overall inflation. In the post-pandemic era, ADRs for hotels in Canada have risen significantly. While inflation has enabled hoteliers to increase their rates, it has also increased their labour and operating costs, necessitating greater operating efficiencies.

*Please note the source of all historical ADR/Occupancy/RevPAR numbers is **STR/CoStar**

With $3.6 billion in trade exchanged daily, Canada and the United States are each other's closest international partners. However, the re-election of Donald Trump should bring significant changes. Forecasts suggest that Trump's protectionist policies could lead to increased tariffs and trade barriers, potentially disrupting this vital economic relationship. Canadian businesses may face higher costs and increased uncertainty, necessitating strategic adjustments to mitigate these impacts.

Projections for 2024 show a significant increase in the national value per room to $185,800, which represents a 22.3% increase since 2019 resulting in an annual compound rate of 4.1% over the 5-year period. The remarkable growth of hotel markets such as Victoria, Downtown Vancouver and Downtown Toronto, recorded an average 44.5% increase in per-room value between 2019 and 2024, was a major driver of national growth. This surge helped offset the impact of a slower recovery in some softer post-Covid markets.

What does 2025 hold?

According to the Bank of Canada, the country is projected to achieve a 2.0% increase in gross domestic product in 2025, primarily fueled by the gradual easing of interest rates and a boost in both household and business confidence.

The national per-room value is expected to rise by 4.4% in 2025, reaching $193,867. While this increase surpasses the growth projections for 2026 and 2027, it remains below the pre-Covid growth rates for per-room values. In 2025, the national room supply is expected to increase by 1.8% (or by more than 5,000 rooms).

In our projections for 2025, the greater Ottawa area, which is expected to add 621 rooms, leads in new hotel room supply. The second market, Toronto Airport West, is projected to add 382 rooms, followed by the third market, Toronto Downtown, with 376 rooms. Downtown Montreal ranks fourth with 258 rooms, leading to a projected average national occupancy rate of 65.6%.

Strong operating performance is fuelling transaction activity

According to the 2024 Colliers Hotels investment report, the 2023 hotel real estate market remained vibrant due to ongoing investor interest and favourable conditions, with transaction volumes hitting $1.72 billion. This figure slightly surpasses 2022's transaction volumes of $1.63 billion and is just below the $1.75 billion recorded in 2019. Despite the challenges posed by rising interest rates, the hotel asset class attracted a diverse range of investors, including newcomers seeking stable cash flows amid inflationary pressures. Although overall investment levels are still below the decade average of $2.1 billion, the positive momentum in lodging demand across leisure, corporate, and group segments, coupled with robust debt market conditions, paints an optimistic picture for 2024, with significant investment volumes already closed and in the pipeline. Improved debt availability for hotels in 2023 further boosted transaction market activity, with participation from credit unions, government-sponsored funds, banks, and private lenders.

Several major transactions in 2023 underscored the market's dynamism. The 88-room Hazelton Hotel in Toronto was sold for $110 million, making it one of the year's largest transactions. The Marriott Ottawa Hotel, a 489-room property, changed hands for $86.5 million, while the 357-room Hotel Intercontinental Montreal was acquired for $80 million. Additionally, the 109-room Roehampton Hotel in Toronto was sold for $66.5 million, highlighting the strong investment activity in Canada's hotel sector.

According to the Q3 Colliers hotel investment report, the outlook for hotel transactions in Canada remains positive, additionally supported on an international level by the continued weakness of the Canadian dollar. Strong sales activity in the third quarter of 2024 pushed hotel investment volumes to $1.65 billion, a 19% increase from the previous year. Colliers Hotels suggests that the year-end volume could reach or exceed $1.9 billion, driven primarily by traditional market transactions. This projection highlights the resilience and strength of the hotel asset class in the current market environment.

2024 HVI Highlights

The Hotel Valuation Index (HVI) is a metric used for tracking hotel values for 20 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 22.3% increase in hotel values in 2024, in comparison to 2019, representing a compound annual growth of 4.2%. and that an additional 4.4% increase is projected for 2025. The national per-room value is projected to increase over the following two years at a more moderate pace.

The Vancouver Downtown and Toronto Downtown markets have consistently held the top positions in value rankings and are expected to maintain their lead, with 2024 values per room of $671,984 and $553,504, respectively.

The other markets have in general maintained their usual rankings. However, Niagara Falls climbed five spots, moving from the twelfth to the seventh place, with a 38.9%, increase in value per room in 2024, from $150,443 in 2019 to $209,010. Winnipeg rose from the thirteenth to the tenth position, with the value per room going up from $141,363 in 2019 to $196,470 in 2024, an increase of 39.0% It should be noted that both these cities have substantial government demand and there may be a normalization in the market as those contracts terminate in the future.

On the other hand, some cities are expected to drop in rankings. Ottawa-Gatineau is projected to fall from seventh to eleventh place given the impact of new supply, and the slow return of government demand as employees continue to work from home with a less pronounced increase in value per room compared to other markets, rising from $169,180 in 2019 to $191,120 in 2024.

Montreal Downtown is expected to move from fourth to sixth ranking, with the value per room increasing from $213,288 to $272,139 from 2019 to 2024. Edmonton moved from the seventeenth to the nineteenth place, with the per-room value rising from $96,632 in 2019 to $112,333 in 2024, leaving the city in the second-to-last position. The Regina market, which was in the last position in 2019, remains in the same position in 2024.

TABLE 1 — CANADIAN VALUE TREND (2005–2027P)

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	123,600	8.4
2017	133,400	7.9
2018	147,600	10.6
2019	151,900	2.9
2020 - 2023	N/A	N/A
2024P	185,800	22.3
2025P	193,900	4.4
2026P	199,100	2.7
2027P	203,700	2.3

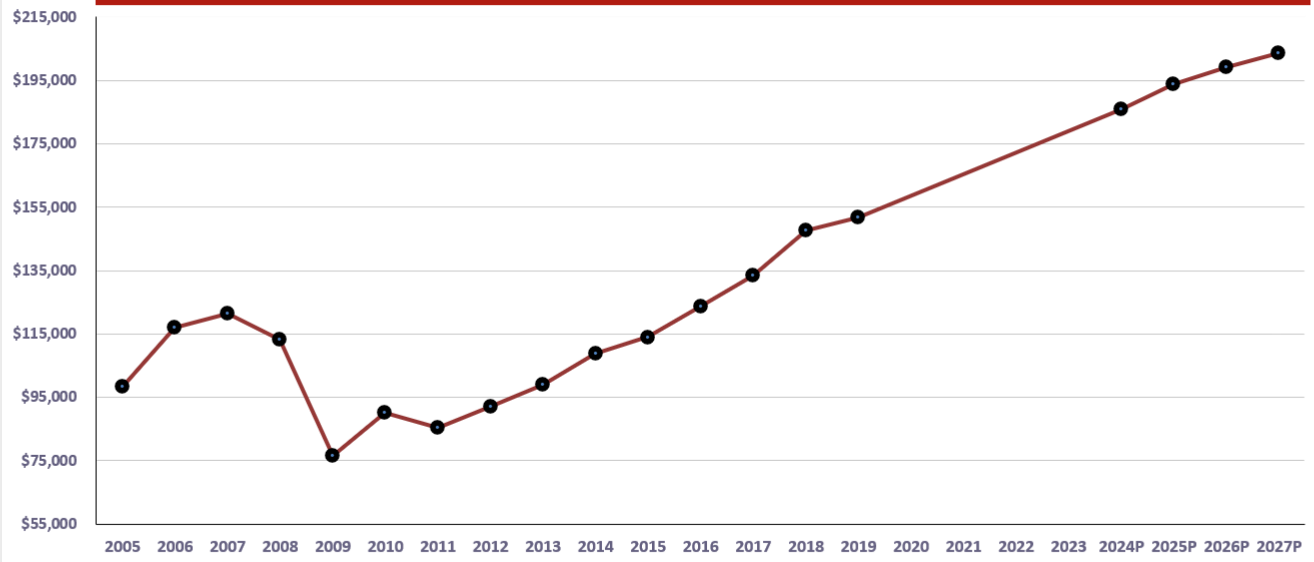
Source: HVS

TABLE 2 — VALUE PER ROOM RANKINGS (2024P VS. 2027P)

	2019	Value	2024P	Value	2027P	Value	2024 vs 2027
Vancouver Downtown	**1**	$469,300	**1**	$672,000	**1**	$774,700	=
Toronto Downtown	**2**	389,000	**2**	553,500	**2**	632,100	=
Vancouver Airport	**3**	269,700	**3**	313,300	**4**	369,900	↓
Victoria	**5**	202,700	**4**	300,200	**3**	372,300	↑
Toronto Airport West	**6**	202,100	**5**	272,400	**6**	296,400	↓
Montreal Downtown	**4**	213,300	**6**	272,100	**5**	319,100	↑
Niagara Falls	**12**	150,400	**7**	209,000	**7**	239,800	=
Montreal Airport	**8**	164,900	**8**	206,900	**9**	230,400	↓
Halifax-Dartmouth	**10**	157,600	**9**	202,000	**8**	234,000	↑
Winnipeg	**13**	141,400	**10**	196,500	**12**	212,600	↓
Ottawa-Gatineau	**7**	169,200	**11**	191,100	**11**	218,400	=
Quebec City	**9**	164,800	**12**	189,000	**10**	227,900	↑
Canada	**11**	**151,900**	**13**	**185,800**	**13**	**203,700**	=
Calgary	**14**	128,800	**14**	154,500	**14**	194,800	=
Prince Edward Island	**N/A**	N/A	**15**	139,900	**15**	176,800	=
Saskatoon	**15**	104,600	**16**	132,500	**16**	145,700	=
NewFoundland	**18**	94,600	**17**	128,300	**17**	144,400	=
New Brunswick	**16**	101,800	**18**	120,700	**18**	137,100	=
Edmonton	**17**	96,400	**19**	112,300	**19**	134,100	=
Regina	**19**	91,900	**20**	100,700	**20**	117,700	=

Source: HVS

TABLE 3 — PER-ROOM VALUE TREND FOR TYPICAL CANADIAN HOTEL (2005–2027P)



Source: HVS

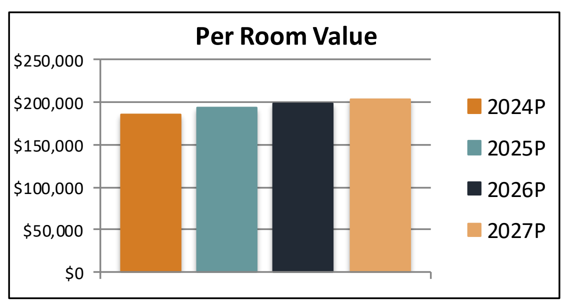
Table 4 — Canada Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$123,568	$133,389	$147,592	$151,885	N/A	N/A	N/A	N/A
y/y % Change	8.4%	7.9%	10.6%	2.9%	N/A	N/A	N/A	N/A
Index	1.25	1.35	1.50	1.54	N/A	N/A	N/A	N/A

Table 5 — Canada Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$185,825	$193,867	$199,135	$203,697
y/y % Change	22.3%*	4.3%	2.7%	2.3%
Index	1.89	1.97	2.02	2.07
Rank	13	12	13	13

* Year over 2019



Source: HVS

CALGARY, known as the energy capital of Canada, is situated in the eastern foothills of the Canadian Rocky Mountains and is known as being home to the Canadian headquarters of many energy companies. The cornerstone of the city's economy is the oil and gas sector; however, financial services, the film industry, transportation and logistics, technology, manufacturing, retail, and tourism are also prominent sectors.

In 2024, the oil and gas sectors have experienced significant gains, a marked improvement from the mixed performance in 2023. Oil production in the province hit an all-time high in December 2023. The expansion of the Trans Mountain Pipeline, which began operating in the spring of 2024, aims to alleviate some of the transportation constraints that have limited the market for oil and gas products. However, proposed federal climate policies, such as emissions caps, could limit future production increases and impact the economy, including investment and government revenues. In 2023 and 2024, Calgary's economy showed resilience, supported by strong energy sector cashflows, solid consumer spending, and residential investment driven by population growth. The city was the fastest-growing major municipality in Canada in 2023, with a population increase of 5.6%. Looking ahead, Calgary is expected to navigate economic headwinds better than many other regions, with a forecasted average GDP annual growth of 2.3% from 2024 to 2027.

Following the pandemic, the period between 2021 and 2023 saw several new hotels entering the market. Looking ahead, two significant projects are scheduled for 2026, which will add 379 rooms to the market, increasing the total room inventory. Notably, The Element Calgary Downtown project will involve converting a former office building into a sustainable 228-suite hotel.

In 2023, RevPAR levels surpassed pre-pandemic levels. Compared to the pre-Covid period, values have seen a significant increase. Calgary is projected to maintain its fourteenth-rank position, with a projected per-room value of $154,510 in 2024.

The average compound annual growth rate per room in Calgary improved significantly, changing from a decrease of - 5.94% between 2015 and 2019, with a value per room of $164,564 and $128,792 respectively, to a growth of 3.71% between 2019 and 2024 to $154,510 per room. While not back to the peak of the market, values are on a positive trajectory.

Table 6 — Calgary Historical Values (2016-2023)

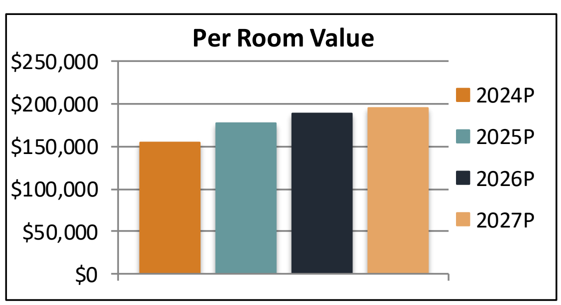
	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$129,030	$131,094	$135,498	$128,792	N/A	N/A	N/A	N/A
y/y % Change	-21.6%	1.6%	3.4%	-4.9%	N/A	N/A	N/A	N/A
Index	1.31	1.33	1.38	1.31	N/A	N/A	N/A	N/A

Table 7 — Calgary Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$154,510	$177,961	$188,566	$194,761
y/y % Change	20.0%*	15.2%	6.0%	3.3%
Index	1.57	1.81	1.91	1.98
Rank	14	14	14	14

* Year over 2019

Source: HVS



EDMONTON, the capital of Alberta, Canada's most energy-resource-rich province, boasts a diversified economy across government, manufacturing, retail, and services sectors.

Before the pandemic, the market was not performing well, largely due to the oil crisis in 2015 and 2016, which caused significant economic contractions. In 2019, a decrease in occupancy and ADR led to a decline in RevPAR, which in turn resulted in lower hotel values.

Through 2024, Edmonton's economy is expected to grow steadily, with real GDP growth forecasted at 2.2%. This growth is driven by sectors such as construction, educational services, and business support services. The city is also benefiting from improved market access for energy, stronger home construction, and expansions in emerging sectors.

Despite these positive trends, Edmonton faces challenges from proposed federal climate policies. However, the city's diversified economy helps mitigate some of these risks, providing a more stable economic environment. Edmonton's industrial real estate sector is also set to benefit from increased production capacity, requiring additional logistics support. The city's economy is poised to regain its stride in the second half of 2024 and 2025, driven by these developments and continued growth in various sectors.

Following the pandemic, one hotel opened in 2022 and added 102 rooms. With no new hotels expected in the coming years, the occupancy rate is projected to steadily increase through 2027, surpassing the occupancy rate seen in the years before Covid. Similarly, the ADR is expected to rise steadily from 2024 to 2027.

A 16.6% increase in per-room value is projected from 2019 to 2024, followed by a 9.0% increase in 2025. The average compound annual growth rate for per room value in Edmonton showed significant improvement. The market experienced a decline from $134,089 in 2015 to $96,362 per room in 2019, with an average compound annual decrease of -7.93%.

However, from 2019 to 2024, the market rebounded with an average compound annual growth rate of 3.11%, indicating a recovery and improvement in market conditions. Stronger growth is projected through 2027.

Edmonton is projected to maintain the nineteenth position consistently through 2027; by 2027, the per-room value in this market is expected to reach $134,140.

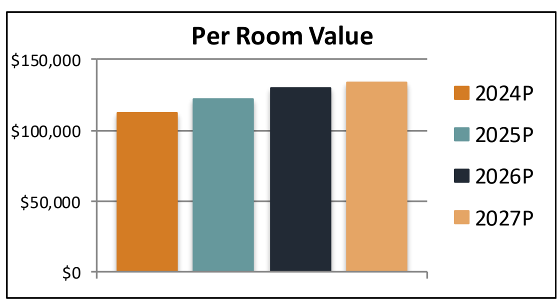
Table 8 — Edmonton Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$109,840	$107,996	$110,157	$96,362	N/A	N/A	N/A	N/A
y/y % Change	-18.1%	-1.7%	2.0%	-12.5%	N/A	N/A	N/A	N/A
Index	1.12	1.10	1.12	0.98	N/A	N/A	N/A	N/A

Table 9 — Edmonton Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$112,333	$122,412	$130,208	$134,140
y/y % Change	16.6%*	9.0%	6.4%	3.0%
Index	1.14	1.24	1.32	1.36
Rank	19	19	19	19

* Year over 2019



Source: HVS

HALIFAX–DARTMOUTH plays a major role in the economy of Atlantic Canada. In 2024, Halifax's economy is expected to grow at a moderate pace, with real GDP growth forecasted at 1.4%. This growth is driven by sectors like manufacturing, construction, and shipbuilding, which remain pivotal to the city's economic landscape. The manufacturing sector continues to expand, contributing significantly to overall market growth. The construction sector is also robust, supported by ongoing shipbuilding projects. However, the primary and utilities sector is experiencing slower growth, following a significant contraction in previous years due to the maturation of the offshore natural gas sector.

Despite these challenges, Halifax is benefiting from improved market access and a diversified economy, which help to mitigate some of the risks associated with the energy sector. Numerous projects are taking place, including the expansion of Halifax Port Authority facilities, and the $2 billion QEII Health Science Centre redevelopment that will transform healthcare in Nova Scotia. There is also a very contemporary new convention centre that opened before the pandemic and will help bolster hotel demand as it ramps up with conventions and events.

Before the pandemic, the economic outlook for Halifax was healthy, with the ADR steadily rising since 2016. This trend has continued post-pandemic, showing a clear upward trend in ADR. The projections for the 2024 to 2027 period indicate a steady increase.

With values per room of $106,141 in 2015 and $157,649 in 2019, the average compound annual growth rate for the value per room in Halifax increased by 10.4% in the pre-COVID period and 5.1% between 2019 and 2024. Similar growth per room value is projected through 2027, reaching $234,011. The market is projected to rise from the ninth to the eighth position in Canada by 2026.

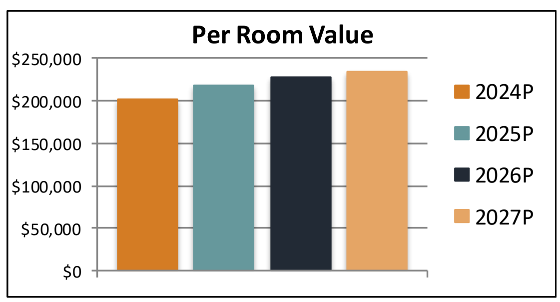
Table 10 — Halifax-Dartmouth Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$122,788	$149,160	$157,763	$157,649	N/A	N/A	N/A	N/A
y/y % Change	15.7%	21.5%	5.8%	-0.1%	N/A	N/A	N/A	N/A
Index	1.25	1.51	1.60	1.60	N/A	N/A	N/A	N/A

Table 11 — Halifax Dartmouth Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$201,984	$217,920	$228,254	$234,011
y/y % Change	28.1%*	7.9%	4.7%	2.5%
Index	2.05	2.21	2.32	2.38
Rank	9	9	8	8

* Year over 2019



Source: HVS

The **MONTREAL AIRPORT** market is experiencing significant growth, welcoming a record 21 million passengers in 2023, a 32% increase from 2022. Year-to-date figures for August 2024 show a 7.6% increase compared to August 2023. This surge in passenger traffic is supported by newly introduced flights to various international destinations, resulting in healthy growth in hotel demand.

To accommodate this growth, the airport has announced a nearly $4-billion investment plan to improve access and expand capacity by 2028. This includes adding new parking facilities, expanding roadways, constructing a new landing stage, and connecting the airport to the REM commuter rail line.

The Montreal Airport market experienced robust RevPAR growth of 18.0% in 2023, compared to 2022, and the year-to-date figures for September 2024 show a 3.8% increase compared to September 2023. Looking ahead, there are plans for numerous new hotels, including the Staybridge Suites by IHG, Hampton Inn by Hilton and Town Place Suites by Marriott.

Before the Covid pandemic, the occupancy rate was approximately 77% in the market. However, due to the substantial new supply entering the market, the occupancy rate is not expected to return to pre-pandemic until the new supply is absorbed. The ADR, meanwhile, has significantly increased since the Covid pandemic.

The Montreal Airport market experienced a notable shift in growth rates over the past decade. With values per room of $83,429 in 2015 and $164,861 in 2019, the average compound annual growth rate for the value per room was a remarkable 18.6%. However, from 2019 to 2024, this annual growth rate slowed to 4.7%. The per-room value is projected to increase from $206,922 in 2024 to $230,368 in 2027.

The Montreal Airport per room market values will remain below the Vancouver Airport and Toronto Airport West markets, which are expected to rank fourth and sixth in 2027, with per-room values of $369,919 and $296,436, respectively, in comparison to $230,368 for the Montreal Airport market.

Given the strong performance in 2022 and 2023 and its high position overall, it is expected that the Montreal Airport market will continue to be a strong performer in the coming years as it absorbs the new supply coming into the market.

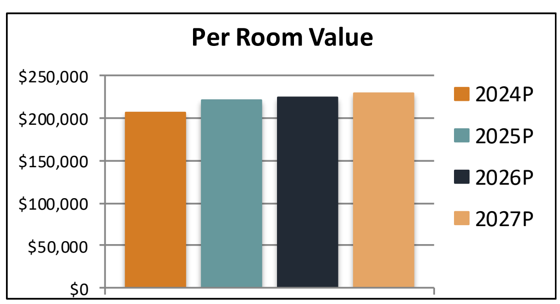
Table 12 — Montreal Airport Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$96,280	$126,526	$149,872	$164,861	N/A	N/A	N/A	N/A
y/y % Change	15.4%	31.4%	18.5%	10.0%	N/A	N/A	N/A	N/A
Index	0.98	1.28	1.52	1.67	N/A	N/A	N/A	N/A

Table 13 — Montreal Airport Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$206,922	$222,047	$224,380	$230,368
y/y % Change	25.5%*	7.3%	1.1%	2.7%
Index	2.10	2.25	2.28	2.34
Rank	8	8	9	9

* Year over 2019



Source: HVS

MONTREAL DOWNTOWN is supported by the robust and expanding finance, insurance, and real estate sectors. Montreal's economy is facing challenges despite strong foreign investment in the tech sector. High inflation and rising interest rates have slowed GDP growth to a projected 0.4% in 2024, with improvement expected in 2025 as economic conditions stabilize. From 2024 to 2027, the strongest GDP growth is projected for the transportation and warehouse sector at just above 2.5%. The arts, entertainment, recreation, and accommodation and food services sectors are expected to see growth of just above 7.0% as these sectors were the hardest hit during the pandemic. Montreal's transportation network is rapidly expanding, with major projects like the subway's Blue Line extension and the 67-kilometre light-rail line REM, enhancing connectivity and accessibility across the city.

The years following the Covid pandemic also saw significant hotel openings, with 488 rooms added in 2022 and 443 rooms added in 2023. Between 2024 and 2027, 7 smaller new hotels are planned. The market will need some time to absorb this new supply, even as it continues to push average rates higher.

From 2021 to 2023, the post-pandemic recovery saw a sharp increase in ADR, rising from $174.71 in 2021 to $255.73 in 2023. This period reflects a strong rebound in the market. Looking ahead, the projected ADR continues to show strength.

The per-room value has significantly increased since 2019, primarily due to the rise in ADR. With values per room of $106,765 in 2015 and $213,288 in 2019, the Montreal market experienced substantial year-over-year growth in per-room value, with an average increase of 18.9% before the COVID pandemic. However, from 2019 to 2024, the compound annual growth rate slowed to an average of 5.0%. As the barriers to entry increase, Montreal Downtown is expected to move up from the sixth position in 2024 and to the fifth position in 2026.

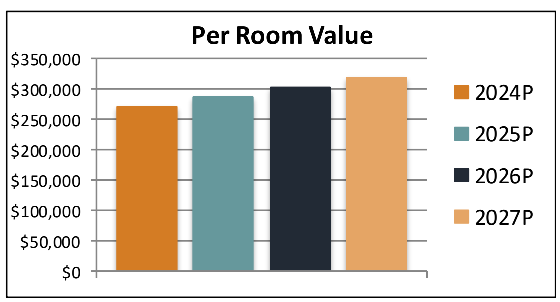
Table 14 — Montreal Downtown Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$126,186	$159,101	$180,331	$213,288	N/A	N/A	N/A	N/A
y/y % Change	18.2%	26.1%	13.3%	18.3%	N/A	N/A	N/A	N/A
Index	1.28	1.62	1.83	2.17	N/A	N/A	N/A	N/A

Table 15 — Montreal Downtown Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$272,139	$287,384	$303,972	$319,143
y/y % Change	27.6%*	5.6%	5.8%	5.0%
Index	2.76	2.92	3.09	3.24
Rank	6	6	5	5

* Year over 2019



Source: HVS

NEW BRUNSWICK, the largest of Canada's three Maritime Provinces, is located on the country's eastern coast. While traditionally reliant on mining, the province's economy has diversified into sectors such as retail and services, tourism, forestry, and industrial manufacturing. In 2024, New Brunswick's GDP is expected to grow modestly by 0.9%, with steady growth of around 2.0% annually projected from 2025 to 2027, despite challenges like labour shortages and an aging population. The United States remains New Brunswick's largest export market and is followed by Europe.

The fish and seafood industries play a significant role in the provincial economy. New Brunswick seafood is enjoyed in 54 countries around the world. In 2023, seafood exports totalled $1.7 billion, with notable growth in salmon sales and diversification of products in the global market. New Brunswick ranked second in Canada for seafood exports that year. Increased demand from Europe and Asia has also strengthened the province's trade relationships with emerging markets.

Four new hotels are expected to open between 2024 and 2027, adding approximately 388 rooms to the room supply of New Brunswick. Demand in 2024 is expected to remain similar to 2023.

Before the pandemic, the per-room value for the province finally crossed the $100,000 mark, reaching $101,806 in 2019. With values per room of $73,152 in 2015 and $101,806 in 2019, the New Brunswick market saw notable year-over-year growth in per-room value, averaging a compound annual increase of 8.6% before the COVID pandemic. However, from 2019 to 2024, the growth rate moderated to an average of 3.5%. with the per-room value projected to reach $137,102 by 2027. The province ranked sixteenth in 2019 and is projected to remain at eighteenth position through 2027.

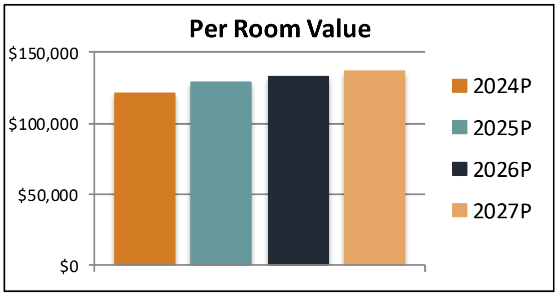
Table 16 — New Brunswick Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$80,873	$91,644	$100,706	$101,806	N/A	N/A	N/A	N/A
y/y % Change	10.6%	13.3%	9.9%	1.1%	N/A	N/A	N/A	N/A
Index	0.82	0.93	1.02	1.03	N/A	N/A	N/A	N/A

Table 17 — New Brunswick Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$120,708	$129,360	$132,973	$137,102
y/y % Change	18.6%*	7.2%	2.8%	3.1%
Index	1.23	1.31	1.35	1.39
Rank	18	18	18	18

* Year over 2019



Source: HVS

NEWFOUNDLAND AND LABRADOR'S economy is driven by energy, fisheries, mining, forestry, and tourism. In 2024, fueled by a rebound in the oil and gas sector, particularly from the Terra Nova platform, the province's GDP is projected to grow by 1.5%, marking the first increase since 2021. Mining is also expected to recover with a 1.4% increase in output, supported by projects like the Voisey's Bay Mine Expansion. The province is investing in renewable energy, with the $10.5 billion Nujio'qonik green hydrogen project leading the way. While employment rose in early 2024, growth is expected to be moderate at 1.6%. However, the aging population and slowing immigration will likely reduce population and labour force growth, with population growth projected to fall below zero by 2028. There may be some large capital investments in Churchill Falls electricity production which if confirmed could bolster the economy on many different levels.

The market has shown strong recovery from the pandemic, with the occupancy rate rising to 68.5% in 2023 compared to 54.5% in 2019. Some of the strength in this market is due to government immigration contracts which may normalize in the future.

Newfoundland and Labrador's market experienced a decline in per-room value with an average annual decrease of 8.4% from $ 134,323 per room to $94,632 per room in 2019. However, from 2019 to 2024, the market rebounded.

The per-room value is projected to rebound with a 35.6% increase compared to 2019, which represents an annual compound growth of 6.3% over the 5 years. Going forward, the index values reflect this positive trend, rising consistently from 1.30 to 1.47 through 2027. Despite these gains, the province's rank remains steady at seventeenth place in our projections.

Between 2024 and 2027, two new hotels and an expansion will open in the province, one being a conversion of the existing Holiday Inn, which will close during the conversion process. There are also two hotels which closed for alternative use in 2024. This will result in room supply changes of -7.3% in 2024, 2.5% in 2025, and 3.6% in 2026.

Higher RevPARS than those before the pandemic have led to per-room value improvement, which will elevate the province from the eighteenth position in 2019 to the seventeenth position from 2024 through 2027.

Table 18 — Newfoundland Historical Values (2016-2023)

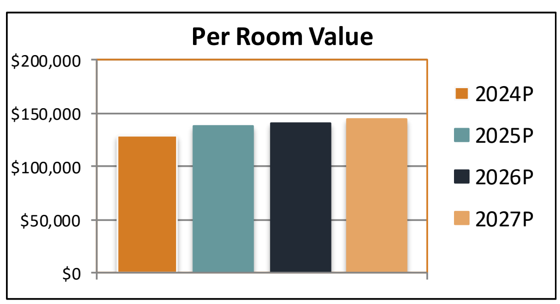
	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$124,502	$123,309	$97,751	$94,632	N/A	N/A	N/A	N/A
y/y % Change	-7.3%	-1.0%	-20.7%	-3.2%	N/A	N/A	N/A	N/A
Index	1.26	1.25	0.99	0.96	N/A	N/A	N/A	N/A

Table 19 — Newfoundland Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$128,326	$138,163	$140,799	$144,407
y/y % Change	35.6%*	7.7%	1.9%	2.6%
Index	1.30	1.40	1.43	1.47
Rank	17	17	17	17

* Year over 2019

Source: HVS



NIAGARA FALLS REGION, the “Honeymoon Capital of the World”, is situated in the southeastern part of Ontario and faces the American Bridal Veil Falls and the Canadian Horseshoe Falls. The city is a world-class golf destination and a popular tourist destination, supported by an abundance of attractions, including the Hornblower Niagara cruise, the Journey Behind the Falls, the Niagara Zipline, and the Ripley’s Believe It or Not Museum, as well as hotels, casinos, convention centres, professional golf courses, and family-style resorts. The most recent addition to the city's entertainment scene is the OLG Stage at Fallsview Casino, which opened in 2021. Because of these improvements, Niagara Falls is often called the Las Vegas of Canada.

Between 2026 and 2027, in the Niagara region there will be one hotel closure and six new openings, adding a total of 313 rooms to the market. This will result in a net new inventory change of -2.0% in 2026 and +5.1% in 2027.

The year 2023 saw an occupancy rate higher than pre-Covid years, reaching 70.4%. However, occupancy projections are declining, primarily due to the termination of many government contracts. Nevertheless, the anticipated gradual return of Asian travelers, particularly from China, is expected to offset some of the decline. RevPAR is expected to consistently increase, driven by a year-on-year rise in ADR.

The Niagara Falls market experienced robust year-over-year growth in per-room value before the Covid pandemic, with an average annual increase of 9.9% from $103,304 in 2015 to $150,443 in 2019. From 2019 to 2024, the growth rate moderated to an average of 6.8%.

From 2025 to 2027, year after year, a more modest increase in per-room value is expected compared to pre-pandemic years.

Niagara Falls, which held the twelfth position in 2019, is expected to improve to the seventh position by 2024, driven by a 38.9% increase in room value, representing the largest gain in position across all markets between 2019 and 2024. The market is projected to maintain this seventh place through 2027.

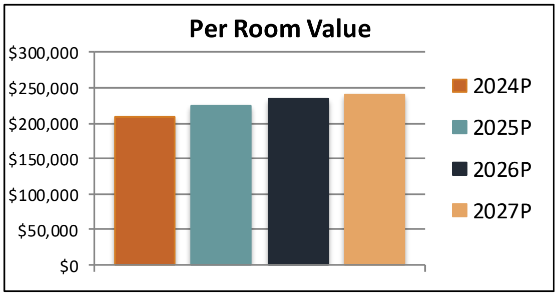
Table 20 — Niagara Falls Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$120,197	$131,027	$148,061	$150,443	N/A	N/A	N/A	N/A
y/y % Change	16.4%	9.0%	13.0%	1.6%	N/A	N/A	N/A	N/A
Index	1.22	1.33	1.50	1.53	N/A	N/A	N/A	N/A

Table 21 — Niagara Falls Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$209,010	$223,804	$235,170	$239,796
y/y % Change	38.9%*	7.1%	5.1%	2.0%
Index	2.12	2.27	2.39	2.43
Rank	7	7	7	7

* Year over 2019



Source: HVS

As Canada's Capital Region, **OTTAWA–GATINEAU** has a significant service sector, particularly in public administration, acting as a political and administrative hub with numerous federal government departments and agencies. The region's economy is diverse and resilient, driven by key sectors such as public administration, technology, healthcare, and tourism.

In 2023, the economy experienced negative GDP growth due to rising interest rates, with a modest growth projection of 0.6% for 2024. Economic growth is bolstered by several major development projects, including the $336 million Ādisōke library, set to open in 2026, ongoing LRT expansions, and the $2.8-billion Ottawa Hospital campus beginning construction in 2024 and is scheduled to be ready in 2028. Public administration, accounting for nearly a quarter of the region's jobs, remains a key driver of employment. Ottawa's diversified economy and ongoing development projects are expected to support stable growth in the coming years.

In terms of new supply, in the greater Ottawa Gatineau market roughly 1000 rooms are expected to be added between 2024 and 2027, making it a very dynamic period. Notably, the market will see the opening of hotels such as The Moxy Ottawa, Hard Rock Casino Hotel, and AC by Marriott.

The Ottawa market has not returned to it's pre-covid strength manly because government workers have not been mandated to return to their offices and the market is in a growth phase in terms of room inventory.

The Ottawa market experienced steady year-over-year growth in per-room value before the Covid pandemic, with an average compound annual increase of 7.6% from 2015 ($126,323) to 2019 ($169,180). From 2019 to 2024, the growth rate slowed to an average compound rate of 2.5%. In 2024, the value per room for Ottawa–Gatineau is projected to reach $191,120, reflecting a modest 13.0% increase from 2019 compared to other markets.

Ottawa-Gatineau, which was in seventh place in 2019, is expected to drop to eleventh place in 2024 and fall further in 2025 and 2026, before returning to eleventh place by 2027, with a per-room value of $218,375.

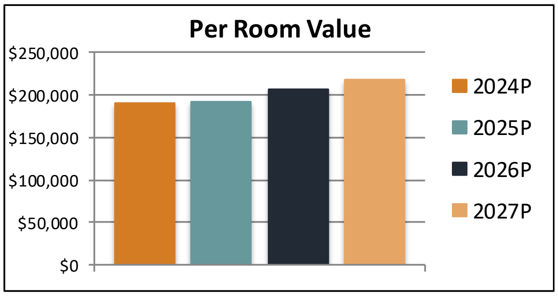
Table 22 — Ottawa-Gatineau Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$133,979	$159,683	$171,816	$169,180	N/A	N/A	N/A	N/A
y/y % Change	6.1%	19.2%	7.6%	-1.5%	N/A	N/A	N/A	N/A
Index	1.36	1.62	1.74	1.72	N/A	N/A	N/A	N/A

Table 23 — Ottawa-Gatineau Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$191,120	$192,144	$207,089	$218,375
y/y % Change	13.0%*	0.5%	7.8%	5.4%
Index	1.94	1.95	2.10	2.22
Rank	11	13	12	11

* Year over 2019



Source: HVS

* New addition in 2024 Canadian HVI

Prince Edward Island is the smallest province in terms of land area and population but is the most densely populated with 177,081 residents in 2024. The larger urban area surrounds Charlottetown Harbour, which is centrally located on the island's southern shore.

The economy of the island is performing well, achieving several historic highs in 2023. The number of jobs reached an all-time high of 89,000; the GDP for 2023 increased by 2.2%; and GDP growth has outpaced the national growth seven times in the past 9 years. The unemployment rate was approximately 7.3% in 2023, marking it the lowest annual rate ever recorded. According to Industry Canada, the total value of goods exported by Prince Edward Island rose from $2.0 billion in 2022 to $2.3 billion in 2023, a significant increase of 17.4%.

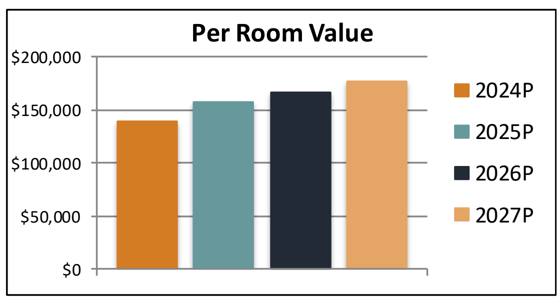
In 2023, the market had approximately 1,300 available rooms. In terms of new supply, the Days Inn & Suites by Wyndham in Summerside reopened after renovations in August 2024, adding 86 rooms back to the market. A new Home2 by Hilton Hotel is planned to open in Charlottetown in 2026.

The forecasted values for Prince Edward Island indicate a positive growth trend in the per-room value over the next few years. Starting at $139,886 in 2024, the per-room value is expected to rise to $176,844 by 2027. This represents an increase, with year-over-year growth rates of 12.3% in 2025, and 6.1% for both 2026 and 2027. The index values also reflect this upward trend, increasing from 1.42 in 2024 to 1.80 in 2027.

In terms of ranking, Prince Edward Island is projected to hold its fifteenth position through 2027. This rank suggests that while the market is growing, the growth is not projected to outpace other Canadian markets

Table 24 — Prince Edward Island Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$139,886	$157,131	$166,696	$176,844
y/y % Change	N/A	12.3%	6.1%	6.1%
Index	1.42	1.60	1.69	1.80
Rank	15	15	15	15



Source: HVS

The economy of **QUEBEC CITY** is heavily oriented towards government and the service industry, which account for most of the area's employment and GDP. According to the Conference Board of Canada, the real GDP in Quebec is projected to grow by 0.6% in 2024, with the government attributing this slow growth to persistent inflation and higher interest rates worldwide. However, growth is expected to rebound to 1.9% next year. The province's aging population and immigration policies pose ongoing hurdles. The government's focus on preserving the French language by limiting immigration to around 50,000 immigrants annually to the province may constrain economic growth as a result of labour shortages.

Several major projects are currently under construction. Significant progress has been made on the new $2-billion hospital complex at the CHU of Quebec City, with completion expected by 2029. Additionally, the city has introduced an $8.4-billion "Plan B" to continue the tramway project, which will proceed in stages over 15 years. The work related to these projects is expected to contribute positively to the overall growth of the economy.

In terms of new supply, the reopening of the Hilton in 2021 added 569 rooms to the market. In 2023, the Home2 Suites opened, and the Auberge Saint-Antoine will be undergoing an expansion in the future. Only one hotel is expected to open in 2026, the Holiday Inn Express with 115 rooms.

Quebec City tends to be a destination for international meetings and conventions and given that international convention demand has not yet returned to preCovid levels, the market rebound is slower than less convention-oriented markets. Growth in 2025 is projected to be stronger as very little new supply will enter the market and demand continues to grow.

From $96,184 in 2015 to $164,756 in 2019, the Quebec City market saw an average compound annual growth rate of 14.4% in per room value. However, from 2019 to 2024, this growth rate is expected to average 2.8%. Projections for 2024 indicate that the per-room value has increased by 14.7%, compared to 2019. The value per room is expected to increase reaching a value of $227,932 by 2027. In terms of ranking, Quebec City was in ninth place in 2019 and is projected to drop to twelfth place in 2024; its position is expected to return to tenth place by 2026.

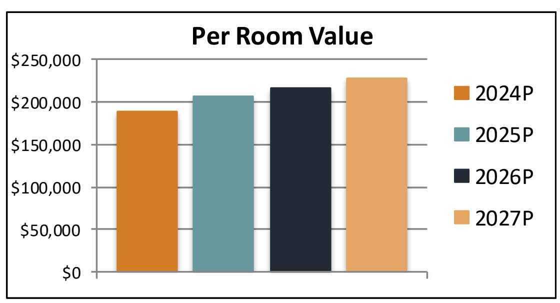
Table 25 — Quebec City Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$110,047	$133,855	$152,044	$164,756	N/A	N/A	N/A	N/A
y/y % Change	14.4%	21.6%	13.6%	8.4%	N/A	N/A	N/A	N/A
Index	1.12	1.36	1.54	1.67	N/A	N/A	N/A	N/A

Table 26 — Quebec City Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$188,972	$206,537	$216,610	$227,932
y/y % Change	14.7%*	9.3%	4.9%	5.2%
Index	1.92	2.10	2.20	2.31
Rank	12	11	10	10

* Year over 2019



Source: HVS

REGINA, the capital of Saskatchewan, boasts a robust economy driven by the finance, insurance, and real estate sectors, along with a strong presence in retail, accommodations, and related industries. In 2024, the Greater Regina Area continued to thrive with 5% year-over-year employment growth, adding 7,200 new jobs. However, the unemployment rate has risen to 7%, primarily due to an influx of immigrants. Inflation ticked up to 1.5% in May 2024, while building permits surged by 71% year-over-year. The Housing Price Index also grew by 2.2%, reaching $314,000. Despite a slight national decline in home sales, Regina's housing market remained steady.

Saskatchewan's oil production in 2024 saw a slight dip of 0.7% compared to 2023, with regions like Swift Current and Kindersley experiencing declines, while Lloydminster seeing a modest increase. Despite the variability, the province continues to rank as Canada's second-largest oil producer, with projected oil and gas revenues for 2024-2025 expected to reach $1.1 billion, a 10.3% increase over the previous year.

Saskatchewan has played a critical role in filling global supply gaps created by the war in Ukraine, particularly in oil, natural gas, uranium, and potash. While growth slowed in 2023, both Regina and the province are expected to have outpaced the nation's GDP growth. Looking ahead, Regina is well-positioned to benefit from new investments, population growth, and the increasing prominence of its research facilities and post-secondary institutions.

Before the pandemic, the Regina market was experiencing low hotel demand similar to the province of Alberta given the decrease in oil production, notably with the 23.5% decrease in room value in 2017. At that time, the index for the city fell below 1.0 for the very first time.

In terms of new supply, only one hotel opened in Regina in recent years, the Courtyard by Marriott, adding 126 rooms to the market in 2024. After the Covid pandemic, the occupancy rate increased steadily each year.

The value per room is expected to exceed the index value of 1.0 in 2024 and gradually increase until 2027, reaching $117,666, with an index value of 1.19. Regina is expected to continue to hold the twentieth position, which it has done since 2019.

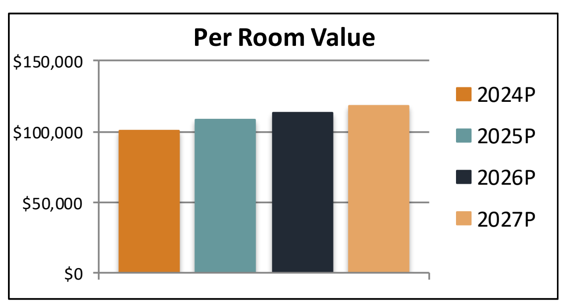
Table 27 — Regina Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$118,289	$90,450	$95,769	$91,888	N/A	N/A	N/A	N/A
y/y % Change	-2.1%	-23.5%	5.9%	-4.1%	N/A	N/A	N/A	N/A
Index	1.20	0.92	0.97	0.93	N/A	N/A	N/A	N/A

Table 28 — Regina Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$100,658	$108,705	$113,097	$117,666
y/y % Change	9.5%*	8.0%	4.0%	4.0%
Index	1.02	1.10	1.15	1.19
Rank	20	20	20	20

* Year over 2019



Source: HVS

SASKATOON is home to the world's largest potash producer, Nutrien. The region is known for its natural resources, mainly potash, oil, and wheat. Canola crop sales crashed after China cancelled Richardson International and Viterra export licences, claiming pest infestation. Alternative buyers have been hard to find, and the local economy has suffered as a result.

The Conference Board of Canada is projecting GDP growth of 2.8% in 2023 and 1.9% in 2024 for Saskatoon. This growth is weaker than in 2022 when Saskatoon outpaced the country with GDP growth of 5.6%, but Saskatoon nonetheless likely outpaced most major Canadian cities in 2023. Higher interest rates and inflation and slower wage growth will weigh on some sectors—namely construction and retail sales; however, strong gains are still projected for the utilities and primary industries sectors, which can be attributed to the favourability of global market conditions for the mining industry, particularly uranium and potash. The $7.5-billion Jansen Potash Mine by BHP Potash is currently in early development and is expected to employ more than 3,500 people at peak construction, plus more than 600 people in support of ongoing operations. The mine is located 140 kilometres east of Saskatoon, but the company maintains a corporate office in Saskatoon and some workers are expected to be drawn from the city.

Before the pandemic, the Saskatoon hotel market was quite soft leading to significant decline in 2016 and 2017, and a slight increase in 2018 and 2019 in per room value. During these years, the index moved around the threshold of 1.0.

In August 2024 YTD the RevPAR has risen by 10.3% compared to the same period in 2023, bolstering per room values. From $137,803 in 2015 to $104,584 in 2019, the Saskatoon market experienced an average annual decline of 6.7% in per room value. In contrast, the period from 2019 to 2024 is expected to show a positive average annual compound growth rate of 4.8%.

In 2024, the index is forecasted to reach a healthier 1.34, indicating a 26.7% increase in per-room value compared to 2019. The per-room value is projected to continue rising, reaching $145,657 by 2027. Saskatoon is expected to remain stable at the sixteenth position through 2027.

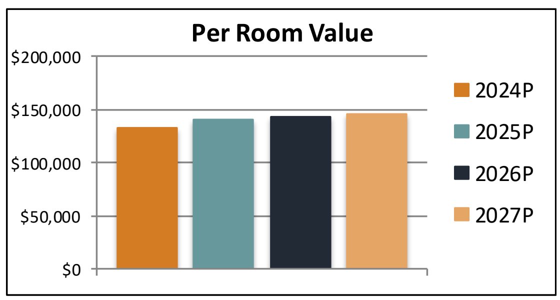
Table 29 — Saskatoon Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$113,385	$101,902	$104,441	$104,584	N/A	N/A	N/A	N/A
y/y % Change	-17.7%	-10.1%	2.5%	0.1%	N/A	N/A	N/A	N/A
Index	1.15	1.03	1.06	1.06	N/A	N/A	N/A	N/A

Table 30 — Saskatoon Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$132,464	$139,974	$142,787	$145,657
y/y % Change	26.7%*	5.7%	2.0%	2.0%
Index	1.34	1.42	1.45	1.48
Rank	16	16	16	16

* Year over 2019



Source: HVS

The **TORONTO AIRPORT WEST** lodging market continues to be anchored by Toronto Pearson International Airport, located in Mississauga. As the primary airport for the Golden Horseshoe, Canada's largest urbanized area, Toronto Pearson remains the largest and busiest airport in the country. In recent years, the airport has undergone significant renovations and expansions. In 2023, Toronto Pearson welcomed 44 million passengers, though it has not yet returned to its pre-pandemic level of 50 million in 2019. In 2023, it was named the "Best Airport over 40 million passengers in North America" by Airports Council International. The airport has also launched a multibillion-dollar plan, known as Pearson LIFT, to further modernize and meet growing service demands. New flights and destinations continue to be added, and the airport expects to handle about 65 million passengers annually by the early 2030s.

With the increase in passenger counts following the recovery from the pandemic in 2023, lodging demand grew to the highest occupancy rate seen in the past 20 years. Due to the significant increase in airport passengers and local economic activity expected in the years ahead, several hotels are planned to open. From 2024 to 2027, nine hotels are scheduled to open in the market, adding a total of 1,642 rooms.

Given the strength of the market, we project that the new supply entering each year will be absorbed quite rapidly, as evidenced by the consistent growth in passenger counts at the airport and general commercial activity in Mississauga, which will help improve hotel occupancy rates.

Projections indicate that the value per room will reach $296,436 in 2027. During the pre-pandemic years, the value per room increased significantly from $98,100 in 2015 to $202,096 in 2019, with an average compound annual growth rate of 19.8%, raising the market index from 1.00 to 2.05. Post-Covid, the value per room surged to $272,357 in 2024, marking a 34.8% increase compared to 2019. This represents an average compound annual growth rate of 6.2%, mainly due to strong demand in the market bolstered by significant commercial growth in Mississauga. Moving forward, the annual growth is expected to be more modest in comparison, reaching $296,436, representing an index mark of 3.

Toronto Airport West, which was in sixth position in 2019, is expected to rank fifth in both 2024 and 2025. However, it is expected to drop back to the sixth position in 2026 and 2027 as it absorbs the significant new supply.

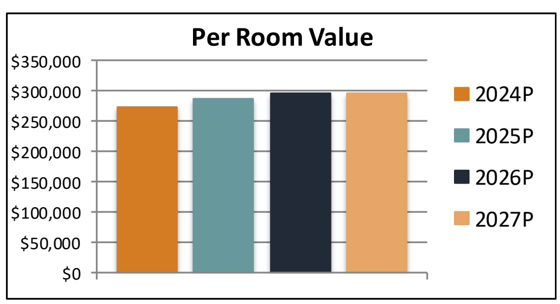
Table 31 — Toronto Airport West Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$117,679	$145,393	$182,089	$202,096	N/A	N/A	N/A	N/A
y/y % Change	20.0%	23.6%	25.2%	11.0%	N/A	N/A	N/A	N/A
Index	1.19	1.48	1.85	2.05	N/A	N/A	N/A	N/A

Table 32 — Toronto Airport West Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$272,357	$287,493	$295,999	$296,436
y/y % Change	34.8%*	5.6%	3.0%	0.1%
Index	2.77	2.92	3.01	3.01
Rank	5	5	6	6

* Year over 2019



Source: HVS

TORONTO DOWNTOWN economy is diverse and dynamic, driven by sectors such as finance, technology, healthcare, and tourism. As a financial hub, the city boasts a strong presence of banking institutions and corporate headquarters. Its thriving tech industry and renowned academic institutions foster innovation and growth in the knowledge-based sector. The economy benefits from population growth due to immigration. Local consumer and business demand is projected to boost real GDP by 3.0% in 2025, surpassing provincial and national expectations. In the long term, the construction market in the Greater Toronto Area will remain robust, driven by large-scale public transportation, nuclear refurbishment, and new hospital projects. In the summer of 2026, Toronto will host six matches of the Soccer World Cup, welcoming around 270,00 spectators.

In terms of new supply, 17 hotels are planned to open between 2024 and 2027 representing more than 2300 rooms. More than half of this new supply will be added in 2027, increasing the room inventory by 7.5% that year which will induce significant demand.

Land availability for commercial development is becoming less available and more and more expensive, increasing the barriers to entry in this market. As a result, the market is experiencing downward pressure on cap rates and therefore upward pressure on hotel values.

Between 2015 and 2019, the value per room increased from $184,450 to $389,039, representing an annual growth rate of 20.51%. In this environment, the value per room rose by an impressive 42.3% in 2024 compared to 2019, which represents a further compound annual growth rate of 7.3%.

However, a much more modest increase is expected between 2025 and 2027, as the new supply is absorbed and the market normalizes.

The per-room value is projected to reach $632,141 by 2027. The ranking has remained stable from 2019 through 2027, consistently being the second-highest in the country, just behind Vancouver Downtown.

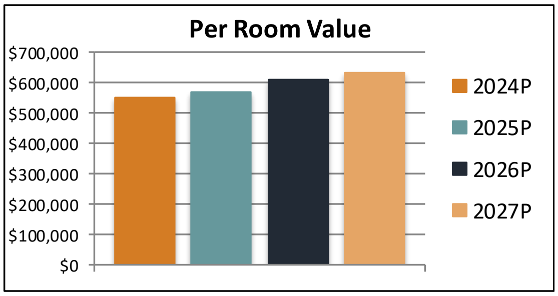
Table 33 — Toronto Downtown Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$225,874	$287,421	$352,866	$389,039	N/A	N/A	N/A	N/A
y/y % Change	22.5%	27.2%	22.8%	10.3%	N/A	N/A	N/A	N/A
Index	2.29	2.92	3.58	3.95	N/A	N/A	N/A	N/A

Table 34 — Toronto Downtown Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$553,504	$570,771	$610,436	$632,141
y/y % Change	42.3%*	3.1%	6.9%	3.6%
Index	5.62	5.79	6.20	6.42
Rank	2	2	2	2

* Year over 2019



Source: HVS

VANCOUVER AIRPORT offers flights to 118 destinations in 24 countries and is serviced by a significant number of airlines. Richmond, where the airport is located, remains a vibrant community with a substantial population of immigrants from Asia. In fact, more than half of Richmond's population is of Asian descent, making up a significant portion of the local demographic. The airport continues to be a crucial connection point to Pacific Rim countries. In 2023, the airport recorded 25 million passengers, which is still slightly below the 2019 pre-pandemic level of 26 million. As of September 2024, the year-to-date passenger count has increased by 5.5% compared to September 2023 which should bring the count back to pre-covid levels.

In 2025, the Residence Inn Vancouver Airport will open with 112 rooms, followed by the opening of the Le Meridien Pinnacle in 2027, offering 131 rooms. This will increase the rooms inventory in 2025 and 2027.

Vancouver Airport market was significantly impacted by the Covid crisis but has rebounded and is back to higher RevPAR levels mainly due to the strong growth in ADR.

Before Covid, the per-room value consistently increased, with a compound annual growth rate of 17.7% from $140,575 in 2015 to $269,663 in 2019, largely due to strong ADR growth. In contrast, 2019 through 2024 the compound annual growth rate is lower at 3.0%, a fraction of preCovid growth.

The growth rate going forward is higher with the per-room value expected to reach $369,919 by 2027.The Vancouver Airport market is anticipated to drop from third place in 2024 to fourth place in 2027 outpaced by the Victoria market. However, it remains the highest-ranked airport market in the country, higher than both the Toronto and Montreal airport markets.

Table 35 — Vancouver Airport Historical Values (2016-2023)

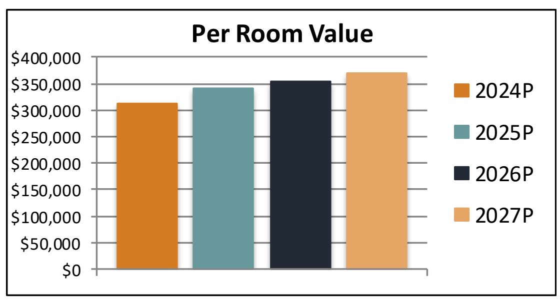
	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$169,530	$206,700	$238,146	$269,663	N/A	N/A	N/A	N/A
y/y % Change	20.6%	21.9%	15.2%	13.2%	N/A	N/A	N/A	N/A
Index	1.72	2.10	2.42	2.74	N/A	N/A	N/A	N/A

Table 36 — Vancouver Airport Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$313,312	$340,294	$352,935	$369,919
y/y % Change	16.2%*	8.6%	3.7%	4.8%
Index	3.18	3.45	3.58	3.76
Rank	3	3	4	4

* Year over 2019

Source: HVS



VANCOUVER DOWNTOWN has developed into Canada's main business hub for trade with Asia and the Pacific Rim countries. The city is the industrial, commercial, and financial heart of British Columbia. The cultural diversity and strong economy, coupled with the picturesque setting and mild climate, have made the city a magnet for new immigrants. Key industries include transportation and warehousing due to the city being the western terminus of trans-continental railways and highways, as well as major port facilities. This last sector has given rise to a diverse manufacturing sector utilizing the city's transportation connections by rail, road, sea, and air.

In the summer of 2026, Vancouver will host seven matches for the Soccer World Cup, bringing in approximately 378,000 spectators. Before the pandemic, the Vancouver Downtown lodging market maintained a stable supply, as new hotel openings were balanced by closures for redevelopment. However, the post-Covid decrease in office occupancy is likely to facilitate the rise of new hotels with some office-to-hotel conversion. Reflecting this trend, five hotels are scheduled to open in the next four years adding much-needed inventory to the market.

The increase in new rooms available on the market will take some time to absorb, however, this market has always had significant unaccommodated demand and therefore the absorption is projected to be rapid. Vancouver has not had a significant new supply in over 10 years.

Before the Covid pandemic, the per-room value experienced double-digit growth for four consecutive years through 2019, with an average compound annual growth rate of 19.5%, increasing from $230,223 per room in 2015 to $469,295 per room in 2019. The outlook for the Vancouver Downtown lodging market remains very positive, with impressive growth of 43.2% projected for 2024 compared to 2019, representing an average compound annual growth rate of 7.4%. More modest growth is expected in the upcoming years, reaching a per-room value of $774,703 in 2027. Vancouver Downtown is projected to retain its leading position through 2027.

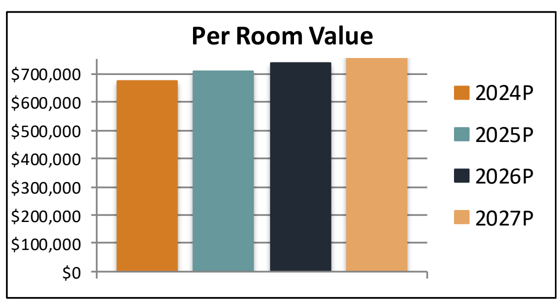
Table 37 — Vancouver Downtown Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$288,664	$345,669	$427,269	$469,295	N/A	N/A	N/A	N/A
y/y % Change	25.4%	19.7%	23.6%	9.8%	N/A	N/A	N/A	N/A
Index	2.93	3.51	4.34	4.76	N/A	N/A	N/A	N/A

Table 38 — Vancouver Downtown Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$671,984	$709,111	$737,703	$774,703
y/y % Change	43.2%*	5.5%	4.0%	5.0%
Index	6.82	7.20	7.49	7.87
Rank	1	1	1	1

* Year over 2019



Source: HVS

VICTORIA, the capital of British Columbia, heavily relies on the government-funded public sector, which accounted for a quarter of the city's economic activity in 2023. Key industries include education, marine industries, construction, health, retail, agriculture, and public services. The manufacturing sector, particularly supported by federal contracts at Seaspan's Victoria Shipyard, remained resilient during the pandemic. However, demand-cooling policies and higher interest rates in 2022 have created uncertainty in the housing market. Tourism continues to be a significant economic driver for Victoria. In 2023, the city welcomed approximately 850,000 cruise passengers, highlighting its appeal as a prime destination for cruise lines. Additionally, there was a notable increase in ferry foot passengers to Swartz Bay, contributing to a total of 4.9 million passengers for the year. This figure includes all visitors arriving by various means of transport, such as cruises and ferries.

Before the pandemic, Victoria experienced healthy GDP growth and strong employment, attracting new residents. The pandemic caused a regional economic contraction, but the long-term outlook is positive. Government policy and the size of the public sector will play a critical role in the years to come, given the region's reliance on public administration and federal contracts as key sources of employment.

Only one hotel is scheduled to open in the coming years. The Hyatt Centric is set to open in 2027, adding 135 rooms to the market and increasing the total room inventory by 3.2%.

The per-room value increased from $129,900 in 2015 to $202,667 in 2019, representing an average compound annual growth rate of 13.8%. Between 2019 and 2024, Victoria experienced the highest growth rate of all the markets considered, with an increase of 48.1% which represents an average compounded annual growth of 8.2% raising the index from 2.06 to 3.05. More modest growth is expected until 2027, with the value per room reaching $372,271.

In 2019, the Victoria market had the fifth-highest per-room value in the rankings. It is projected to climb up one place in 2024 and another in 2026, resulting in the third-highest per-room value among all the Canadian markets in 2027. This makes Victoria the second market to gain the most positions in ranking since 2019, behind Niagara Falls.

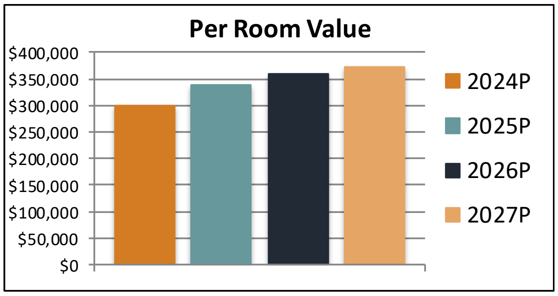
Table 39 — Victoria Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$140,207	$152,749	$190,698	$202,667	N/A	N/A	N/A	N/A
y/y % Change	16.0%	8.9%	24.8%	6.3%	N/A	N/A	N/A	N/A
Index	1.42	1.55	1.94	2.06	N/A	N/A	N/A	N/A

Table 40 — Victoria Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$300,172	$338,228	$358,691	$372,271
y/y % Change	48.1%*	12.7%	6.1%	3.8%
Index	3.05	3.43	3.64	3.78
Rank	4	4	3	3

* Year over 2019



Source: HVS

WINNIPEG is the administrative, financial, and distribution center for Manitoba. The city boasts a diversified economy anchored in the government and manufacturing sectors. Its central location in Canada, close to the U.S. border, enhances its distribution capabilities. The city has seen a strong rebound from the pandemic lows, with both GDP and employment exceeding pre-pandemic levels. The outlook for this market is highly positive, with major investments like CentrePort Canada set to boost key sectors, such as warehousing, manufacturing, and transportation. Winnipeg continues to serve as the retail, services, and entertainment hub within the province. Overall, the outlook for this market is for continued growth in the year ahead; this affordable city is expected to continue to attract new residents, businesses, and investment.

In terms of new supply, The Hampton Inn by Hilton Winnipeg Downtown reopened its doors in 2024 after four years of renovation, adding 175 rooms back to the market. This resulted in a 6.6% increase in the total inventory for that year. Two hotels are planned to open in 2026, The Hyatt Centric and the Sutton Place hotel, adding 428 rooms, which represents an additional 6.8% increase in room supply.

The occupancy rate has recovered well from the pandemic, reaching 76.1% in 2023 compared to 68.6% in 2019. However, the occupancy rate is expected to decrease given there were many government contracts which pushed occupancy up and now the market is beginning to normalize, and occupancy is expected to return to pre-pandemic levels.

The per-room value increased from $121,625 in 2015 to $141,363 in 2019, representing an average compound annual growth rate of 3.8%. The market has seen a significant increase in the value per room since 2019, with a 39.0% rise in 2024 which represents an average compound annual growth of 6.8% almost double of the preCovid growth rate.

The index is expected to surpass 2.0 in 2025, followed by a slight decrease in the value per room in 2026, primarily due to government contract normalization and new supply entering the market. Winnipeg was ranked thirteenth in 2019 and moved up to tenth place in 2024; the market is projected to drop to twelfth place by 2027.

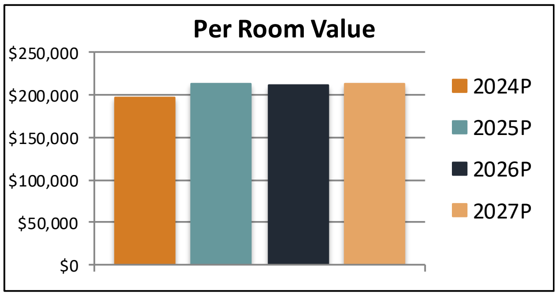
Table 41 — Winnipeg Historical Values (2016-2023)

	2016	2017	2018	2019	2020	2021	2022	2023
Per Room Value	$128,430	$136,302	$140,055	$141,363	N/A	N/A	N/A	N/A
y/y % Change	5.6%	6.1%	2.8%	0.9%	N/A	N/A	N/A	N/A
Index	1.30	1.38	1.42	1.44	N/A	N/A	N/A	N/A

Table 42 — Winnipeg Forecasted Values (2024-2027)

	2024P	2025P	2026P	2027P
Per Room Value	$196,470	$212,659	$212,188	$212,591
y/y % Change	39.0%*	8.2%	-0.2%	0.2%
Index	1.99	2.16	2.15	2.16
Rank	10	10	11	12

* Year over 2019



Source: HVS

HOTEL VALUE FORECAST

All Canadian lodging markets are forecasted to register a double-digit increase in per-room value in 2024 compared to 2019. Generally, a single-digit annual increase is expected between 2025 and 2027, and only Winnipeg is projected to experience negative growth during this period given it saw significant demand in the city due to government contacts.

The markets with the highest projected compound annual growth in value from 2024 to 2027 are Prince Edward Island, Calgary, and Victoria, with Quebec City showing fourth-highest and Edmonton fifth-highest growth in the country.

Between 2024 and 2027, most markets are expected to maintain their rankings or shift by just one position. Quebec City is the exception, moving up two places from twelfth to tenth. Vancouver Downtown is projected to retain the highest per-room value in the country, followed by Toronto Downtown. Vancouver Airport is expected to drop from third to fourth place, with Victoria taking its spot. Meanwhile, Regina is expected to remain with the lowest per-room value.

Before the pandemic, hotel values in resource-dependent provinces were below their historical highs. Markets such as Saskatoon, Regina, and Newfoundland continue to lag behind their peak values. In 2027, these three markets are projected to remain at the bottom of the rankings, with Regina in the twentieth spot, Saskatoon in the sixteenth, and Newfoundland in the seventeenth, which is similar to their positions before the pandemic. This indicates that despite economic stabilization, these markets have not diversified enough to surpass other non-resource-based markets, which continue to show positive growth and thus economic prosperity

INDUSTRY OUTLOOK

Before the pandemic, the drop in oil and gas prices led investors and developers to explore more opportunities in Eastern Canada’s hotel markets. After Covid, the situation has become somewhat more balanced. According to Colliers International Hotels, Ontario represented 48% of all hotel transactions in Canada by the end of the third quarter of 2024. Alberta and British Columbia ranked as the second and third most attractive provinces for hotel investment, respectively. t transactions took place in the metropolitan areas of Calgary, Vancouver, and Victoria, and the mountain resort market of Banff in Alberta.

The Bank of Canada recently reduced its key interest rate by 50 basis points to 3.25% on December 11, 2024. This move aims to support economic growth while keeping inflation close to the 2.0% target. These more favourable conditions are likely to encourage increased investment in the hotel market, strengthening the overall industry.

The value of a hotel room in Canada peaked in 2007 at $121,400. With the debt crisis in 2009, the value fell sharply to $76,600, a drop of 32.3% from 2008. Since 2011, the overall value of a hotel room in Canada has steadily risen. In 2019, the Canadian per-room value reached $151,885. Projections for 2024 show a significant increase in room values to $185,800, which is a 22.3% rise from 2019, and represents an average compound annual growth of 7.4%. From 2025-2027 hotel room values are projected to climb to $203,697.

The Canadian lodging industry is poised to continue a very positive stage of its lifecycle, albeit at a slower pace. The annual increases are projected to be more modest compared to the pre-Covid period given overall slower economic environment.

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 19 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- 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.

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About HVS

HVS is the world's leading consulting and valuation services organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980, the company performs more than 4,000 assignments per year for virtually every major industry participant. HVS principals are regarded as the leading professionals in their respective regions of the globe. Through a worldwide network of 50 offices staffed by 250 seasoned industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information regarding our expertise and specifics about our services, please visit **www.hvs.com**.

Superior Results through Unrivaled Hospitality Intelligence. *Everywhere.*

HVS Canada with offices in Montreal, Toronto, and Vancouver performs major portfolio appraisals and single-asset consulting assignments and appraisals from coast to coast. HVS Canada will celebrate its 32nd year in 2025. Our professional team members are experts in hospitality appraisal work, feasibility studies, market studies, portfolio valuation, strategic business planning, and litigation support. The managing partners and senior members in the 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 the Author

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