

Canadian Lodging Outlook

December 2009



HVS



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Thank Goodness 2009 Is Over!

By: Betsy MacDonald, MAI., AACI, FRICS - HVS Canada

The good news is that Canadian occupancy and average room rates for all hotels were higher than those in the United States in 2009. The Canadian occupancy was just over 56%, slightly higher than the 55% reported in the US, but more importantly our average room rate was \$117.55 relative to \$97.51 in the US. That's a \$20 differential! The Canadian RevPAR was \$65.95, down 11.9%, which compares to \$53.71 in the US, down 16.7%. So 2009 was bad, but it was far worse south of the border.

Of our major cities, Toronto fared the worst. For 2009, the citywide occupancy was 67.8%, down 3.8 points from 2008. The average room rate was \$147.93, down \$20.82 from the prior year. Some hotels reported decreases in average room rate of up to \$50. A decline like that can take years to recover from. Toronto's RevPAR was \$100.30 in 2009, down 17.0% from 2008. This decline is comparable to the US national average.

In the United States, the city that had the largest decline was New York City, where the RevPAR dropped about 26%. Interestingly, New York City also recorded one of the highest occupancy rates in the country at 77%. The decline was in the average room rate, which fell from \$275 in 2008 to \$215 in 2009.

Vancouver did not fare that well in 2009 either. The occupancy fell to 68.3% from 73.5% in 2008. The average room rate was \$156.85, down from \$170.21 in the prior year. The RevPAR dropped 14.4%, from \$125.10 in 2008 to \$107.13 in 2009.

For Montreal, the occupancy was 60.7%, down only 2.1 points, and the average room rate was \$138.96, which reflects a decline of \$12.07 from 2008. The RevPAR dropped 11.0%, from \$94.85 in 2008 to \$84.35 in 2009.

Calgary reported an occupancy level of 65.5%, down six points, and an average rate of \$147.39, down \$7.12. The citywide RevPAR was \$96.54 compared \$110.47 in 2008, which reflects a drop of 12.6%.

For Edmonton, the occupancy was 64.2%, down nine points, and the average rate was \$124.06, which reflects a drop of only \$2.38. Edmonton maintained its average room rate despite the decline in occupancy. The RevPAR nonetheless fell 14.0%, from \$92.55 in 2008 to \$79.54 in 2009.

Ottawa had the smallest decline in RevPAR of all our major cities. The citywide occupancy was 67.2%, down only 3.4 points, and the average rate was \$134.20, down \$1.76. The

RevPAR was \$90.18 compared \$95.99 in 2008, which reflects a drop of 6.1%. Interestingly enough, Washington DC had the lowest decline in RevPAR of all the cities in the US at 8.5%. There is something to be said about government demand!

Other interesting tidbits.... The state with the largest RevPAR decline was Nevada at 29.0%, which isn't surprising with all the discounts being offered in Las Vegas. Only one state had an increase in RevPAR, and that was North Dakota. It is worth pointing out that North Dakota is located just south of Saskatchewan and Manitoba. Saskatchewan, Newfoundland, and the Yukon were the only provinces and territory to experience an increase in RevPAR in 2009 over 2008.

As for what lies ahead, most industry leaders at ALIS (The Americas Lodging Investment Summit) believe that the industry should experience positive growth in the third and fourth quarters of 2010. Let's hope they are right! ▲

December 2009	Number of Rooms	Occupancy Rate (%)		Average Room Rates (in \$CAD)		RevPAR (in \$CAD)		Room Supply % chg	Room Demand % chg
		2009	2008	2009	2008	2009	2008		
Nova Scotia Area	1,378	32.5%	35.2%	\$88.33	\$84.60	\$28.71	\$29.78	0.9%	-7.0%
Halifax, NS	4,221	38.3%	40.5%	\$108.43	\$112.34	\$41.53	\$45.50	1.2%	-4.0%
Montreal Downtown	10,315	42.1%	41.3%	\$123.86	\$127.52	\$52.15	\$52.67	1.7%	3.6%
Montreal Area	2,335	41.3%	41.8%	\$103.13	\$102.38	\$42.59	\$42.79	-0.3%	-1.5%
Quebec City, QC	4,139	41.8%	44.0%	\$119.10	\$125.01	\$49.78	\$55.00	0.0%	-5.0%
Quebec Area	4,498	45.5%	45.2%	\$153.97	\$152.88	\$70.06	\$69.10	0.0%	0.7%
Toronto Downtown	14,038	51.1%	50.3%	\$134.99	\$143.35	\$68.98	\$72.11	1.1%	2.7%
Toronto North/East	6,395	42.9%	42.3%	\$105.65	\$113.28	\$45.32	\$47.92	0.0%	1.5%
Toronto Airport/West	8,643	47.4%	52.3%	\$102.59	\$110.51	\$48.63	\$57.80	5.0%	-5.0%
Ottawa, ON	7,433	50.1%	53.5%	\$127.95	\$130.19	\$64.10	\$69.65	0.0%	-6.3%
Ontario East	4,956	36.5%	37.0%	\$96.79	\$98.37	\$35.33	\$36.40	1.9%	0.4%
Windsor/ Ontario SW	1,951	33.2%	42.5%	\$100.43	\$111.06	\$33.34	\$47.20	-2.0%	-23.4%
London/ Kitchener	2,965	38.2%	38.1%	\$94.63	\$95.93	\$36.15	\$36.55	0.0%	0.4%
Ontario North/ Thunder Bay	2,389	49.2%	49.8%	\$89.98	\$88.81	\$44.27	\$44.23	1.0%	-0.2%
Ontario NC/ Sudbury	4,823	38.6%	37.9%	\$102.20	\$100.00	\$39.45	\$37.90	1.4%	3.3%
Niagara Falls, ON	9,083	35.9%	37.3%	\$129.22	\$130.04	\$46.39	\$48.50	1.8%	-2.0%
Ontario Central	3,772	40.5%	45.6%	\$107.24	\$109.79	\$43.43	\$50.06	2.3%	-9.1%
Mississauga, ON	4,595	46.6%	44.9%	\$101.95	\$106.55	\$47.51	\$47.84	0.0%	3.8%
Winnipeg, MB	3,203	51.6%	53.0%	\$105.94	\$104.81	\$54.67	\$55.55	0.5%	-2.2%
Regina/Saskatoon, SK	2,454	55.4%	54.3%	\$112.88	\$111.35	\$62.54	\$60.46	3.2%	5.3%
Calgary, AB	8,649	48.0%	53.5%	\$132.91	\$137.94	\$63.80	\$73.80	2.1%	-8.4%
Edmonton, AB	9,276	48.8%	55.7%	\$122.58	\$123.85	\$59.82	\$68.98	4.0%	-8.9%
Alberta North Area	3,727	35.7%	42.6%	\$139.54	\$154.77	\$49.82	\$65.93	3.1%	-13.7%
Alberta South Area	8,373	36.8%	45.1%	\$121.27	\$125.67	\$44.63	\$56.68	2.5%	-16.5%
Vancouver Downtown	8,604	46.5%	47.5%	\$130.56	\$133.08	\$60.71	\$63.21	1.0%	-1.0%
Vancouver/ Burnaby Area	2,068	45.7%	47.0%	\$104.76	\$103.12	\$47.88	\$48.47	4.9%	1.9%
Richmond-Surrey/ East Area	3,874	53.6%	58.3%	\$114.78	\$115.12	\$61.52	\$67.11	-0.5%	-8.5%
British Columbia Area	5,578	50.4%	47.5%	\$203.62	\$234.31	\$102.62	\$111.30	0.1%	6.4%
Kamloops/ Kelowna Area	4,799	29.8%	32.4%	\$100.69	\$99.09	\$30.01	\$32.11	1.1%	-7.1%
Vancouver Island	4,823	39.2%	43.2%	\$97.72	\$98.59	\$38.31	\$42.59	1.4%	-8.0%
Provinces									
Alberta	33,411	41.9%	48.6%	\$125.91	\$129.25	\$52.76	\$62.82	2.7%	-11.4%
British Columbia	31,777	39.9%	42.4%	\$118.94	\$120.54	\$47.46	\$51.11	0.9%	-5.1%
Manitoba	4,093	47.6%	48.3%	\$92.25	\$93.84	\$43.91	\$45.32	0.4%	-1.0%
New Brunswick	4,739	35.3%	33.6%	\$97.91	\$99.75	\$34.56	\$33.52	0.0%	5.1%
Newfoundland	1,833	44.2%	46.9%	\$107.85	\$104.61	\$47.67	\$49.06	0.0%	-5.8%
Nova Scotia	5,599	35.9%	38.3%	\$101.29	\$103.93	\$36.36	\$39.81	1.0%	-5.3%
Northwest Territories	204	INS	INS	INS	INS	INS	INS	INS	INS
Ontario	78,190	41.7%	42.9%	\$108.28	\$111.63	\$45.15	\$47.89	1.4%	-1.4%
Prince Edward Island	949	28.3%	24.6%	\$55.43	\$60.31	\$15.69	\$14.84	0.0%	15.4%
Quebec	27,087	41.0%	42.9%	\$115.08	\$116.08	\$47.18	\$49.80	0.7%	-3.6%
Saskatchewan	6,670	51.3%	54.4%	\$106.86	\$99.96	\$54.82	\$54.38	2.2%	-3.5%
Yukon Territory	416	40.8%	34.2%	\$95.11	\$96.21	\$38.80	\$32.90	1.4%	21.0%
Canada	194,968	41.0%	42.8%	\$112.92	\$115.18	\$46.30	\$49.30	1.3%	-3.0%

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Halifax, NS	4,221	63.1%	66.6%	\$124.00	\$130.13	\$78.24	\$86.67	2.7%	-2.7%
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Quebec Area	4,498	55.3%	55.9%	\$133.29	\$136.73	\$73.71	\$76.43	-0.1%	-1.1%
Toronto Downtown	14,038	67.8%	71.6%	\$147.93	\$168.75	\$100.30	\$120.83	1.0%	-4.4%
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DEFINITIONS

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

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