



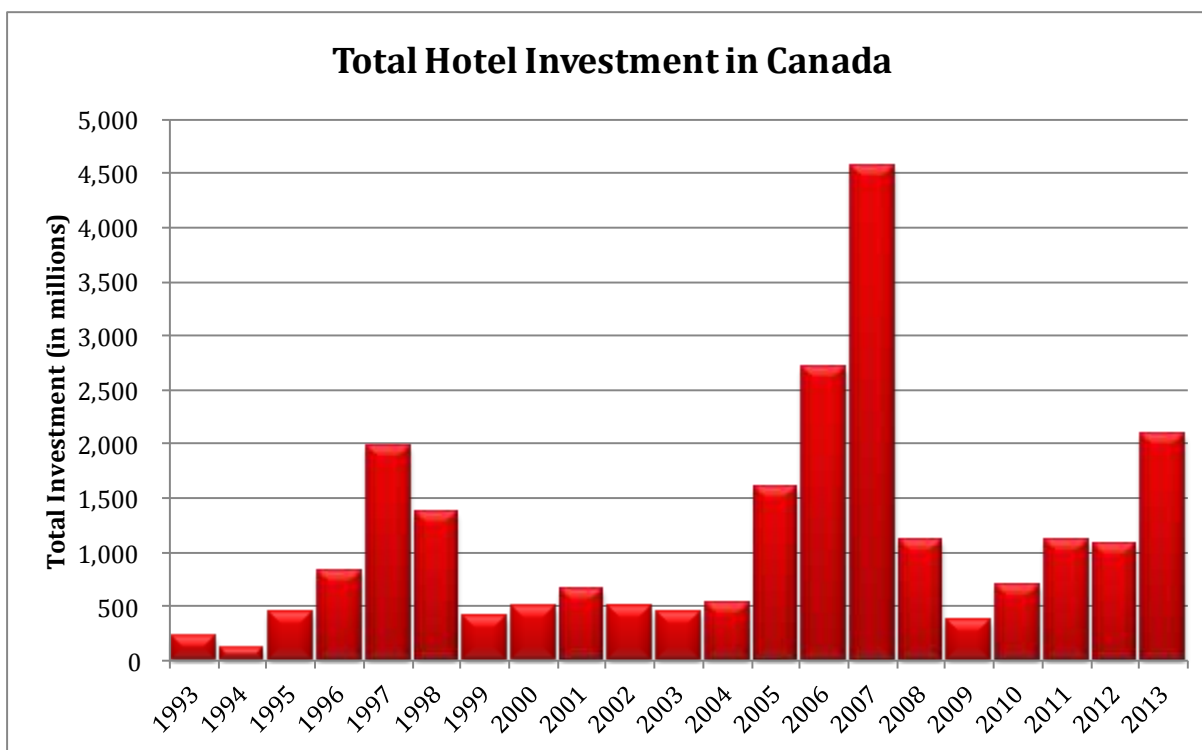
2013 CANADIAN HOTEL TRANSACTION SURVEY

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Managing Director*



2013 Canadian Hotel Transaction Survey

For Canada, 2013 shaped up to be a solid year for transaction volume, which topped out just slightly above \$2 billion. This is almost double the 20-year historical average for investment of \$1.1 billion.



Portfolio transactions represented 44% of the total volume in 2013 and were one of the key drivers of activity, which was well above the portfolio volume reported in recent years. This volume was generated through three major portfolio transactions. Starwood Capital Group led with the purchase of a portfolio of five Westin Hotels (Vancouver, Calgary, Edmonton, Toronto, and Ottawa), which transacted for \$765 million. Temple Hotels Inc. closed on a portfolio of three properties in Nova Scotia at a total purchase price of \$84 million, and Morguard Corporation was the buyer on a purchase of five select-service Marriott hotels in the Greater Toronto Area for a total purchase price of \$70.6 million.

The number of large transactions also increased in 2013. There were nine sales over \$50 million, whereas only three such transactions took place the previous year. The largest deal was the sale of the Hilton in

Downtown Toronto, which traded for \$140 million, or \$233,000 per key, at a cap rate of 7.6%.



The highest price per room was recorded on the sale of the Brentwood Bay Resort & Spa on Vancouver Island. The 33-room property was sold to an Asia-based investor for \$14 million, or \$424,000 per

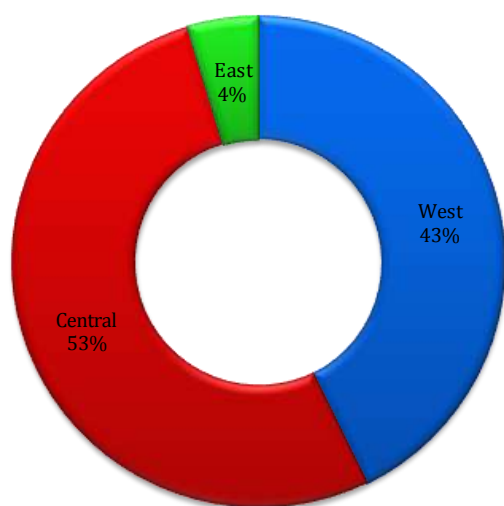
room. The cap rate on this sale, which included a small parcel of excess land, was 5.6%.

The most active seller in 2013 was InnVest REIT, which sold seven properties with a total of 2,296 rooms. The total disposition value of these assets was \$246 million, or \$107,000 per room. The properties ranged in size from the 83-unit Comfort Inn in Chilliwack to the 711-unit Delta Centre-Ville in Montreal.

Temple Hotels Inc. was the most active buyer in the country in 2013. The company purchased eight properties with a total of 1,200 rooms. Temple's total investment for the year was \$188 million, or \$157,000 per key. These transactions occurred across the country, but the largest purchase was the recently expanded 225-room Acclaim Hotel located near Calgary International Airport; the hotel was purchased for \$42 million, or \$187,000 per room.

Looking at the sales regionally, Central Canada accounted for 53% of the investment volume, Western Canada came in at 42% of the total, and Eastern Canada made up only a fraction of the volume at 5%. On a per room basis, the price was moderately higher for trades in Western Canada at \$146,000 per room. In contrast, the national average was \$124,000 per room.

Investment by Region



In terms of transactions by city, Greater Toronto accounted for over 28% of the activity in the country in 2013 with 15 sales totalling \$577 million, or \$174,000 a key. The reported cap rates on the four trades that took place in downtown Toronto trades range narrowly from 7.6% to 7.8%, whereas the cap rates for the GTA range more widely from 4.5% to 8.4%.

Trades in Ottawa and Calgary are notable for the high price per key that they fetched, averaging \$267,000 per key in Ottawa and \$244,000 per key in Calgary. Both markets were bolstered by the Westin trades; the Westin Calgary noted the highest price per room in the portfolio at \$366,000 per room. The reported cap rates in Calgary range from 7.4% to 8.2%, while Ottawa noted a slightly greater range of from 6.4% to 8.2%.

As has historically been the case, the sales in Greater Vancouver transacted at cap rates that were among the lowest in the country in 2013. For the major sales in the Vancouver and Vancouver Airport markets, the cap rates range from a low of 2.7% to a high of 4.5%. While each trade has a particular context and we would not consider these cap rates to be indicative of the whole market, these trades nevertheless provide a clear signal that hotels in Vancouver will typically transact at cap rates below those of other Canadian cities.

The high level of investment activity in 2013 is indicative of a strong hotel sector with good liquidity and the ability of the buyers and seller to agree on values. While major real estate players increased their investment in the sector, seasoned veterans in the hotel sector saw it as a time to get rid of non-core properties in their portfolio. Lenders continue to be active and open to hotel deals, which is creating a vibrant market for trades. Although the outlook for 2014 remains positive, it is unlikely that the country will see the same number of portfolio trades that drove investment to levels beyond the historical average in 2013. It is more likely that total investment volume in 2014 will end the year at around \$1.1 billion, in line with the historical average.

HVS Canada has not verified all individual hotel sales in this newsletter; however, we collected the information from sources we deemed reliable, and the data is thought to be correct. We cannot warrant its accuracy; it is provided for your convenience only. Use of this information without verification from original sources is at your own risk.

A special thanks to:

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2013 Canadian Hotel Sales

BC	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Jan-13	Super 8 Langley Aldergrove	Langley	46	\$2,400,000	\$52,174	N/A
	Jan-13	Canadas Best Value Inn Langley	Langley	46	\$2,093,000	\$45,500	N/A
	Feb-13	Chalet Motel	Kitimat	48	\$3,500,000	\$72,916	12.6%
	Feb-13	Best Western Plus Abercorn Inn Richmond	Richmond	98	\$14,250,000	\$145,208	4.8%
	Mar-13	Coast Vancouver Airport	Vancouver	130	\$15,000,000	\$115,384	2.7%
	Mar-13	Parkside Victoria Resort & Spa	Victoria	126	\$23,000,000	\$182,539	N/A
	Mar-13	Aleeda Motel	Prince Rupert	31	\$625,000	\$20,161	8.0%
	Apr-13	Harrison Hot Springs Hotel	Harrison Hot Springs	337	\$32,300,000	\$95,845	8.9%
	May-13	Executive Inn Express Richmond	Richmond	81	\$4,174,500	\$51,500	N/A
	May-13	Super 8 Langley Aldergrove	Langley	80	\$5,700,000	\$71,300	N/A
	May-13	Super 8 Vernon	Vernon	62	\$4,350,000	\$70,161	9.1%
	May-13	Econo Lodge Inn and Suites Kamloops	Kamloops	45	\$3,200,000	\$71,111	N/A
	May-13	Alpine House Motel	Terrace	24	\$385,000	\$16,042	10.9%
	Jun-13	Quality Inn Langley	Langley	50	\$2,581,000	\$51,600	N/A
	Jul-13	Comfort Inn Vancouver Airport	Richmond	129	\$16,000,000	\$124,031	N/A
	Jul-13	Cedars Motel	Terrace	22	\$1,100,000	\$50,000	10.3%
	Aug-13	Chieftain Hotel	Squamish	26	\$2,100,000	\$80,800	N/A
	Sep-13	Super 8 Abbotsford	Abbotsford	99	\$12,050,000	\$121,717	N/A
	Sep-13	Brentwood Bay Lodge and Spa Victoria	Victoria	33	\$13,998,000	\$424,182	5.6%
	Sep-13	Corporate Inn	New Westminster	15	\$2,850,000	\$190,000	N/A
	Sep-13	Comfort Inn Chilliwack	Chilliwack	83	\$4,500,000	\$54,200	10.0%
	Sep-13	Ramada Vancouver Exhibition Park	Vancouver	58	\$7,260,000	\$125,000	N/A
	Sep-13	Westin Bayshore Vancouver	Vancouver	511	\$150,800,000	\$295,000	4.5%
	Nov-13	Northern Motor Inn	Terrace	32	\$4,000,000	\$125,000	14.8%
	24	Sales		2,212	\$328,216,500	\$148,380	

AB	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Jan-13	Super 8 Motel	Red Deer	72	\$1,650,000	\$22,900	N/A
	Jan-13	Hotel Elan Calgary	Calgary	62	\$11,422,000	\$184,200	N/A
	Jan-13	Super 8 Fort Saskatchewan	Fort Saskatchewan	87	\$8,721,500	\$100,247	N/A
	Jan-13	Super 8 Innisfail	Innisfail	50	\$4,900,000	\$98,000	12.7%
	Feb-13	Travelodge Edmonton West	Edmonton	220	\$13,000,000	\$59,091	4.0%
	Feb-13	Rockyview Hotel	Cochrane	15	\$1,660,000	\$110,666	N/A
	Feb-13	Chinook Inn	Rocky Mountain House	19	\$990,000	\$52,105	14.7%
	Feb-13	Roadrunner Motel	Edmonton	46	\$3,720,000	\$80,870	9.5%
	Mar-13	Paradise Inn & Conference Centre Grande Prairie	Grande Prairie	102	\$5,500,000	\$53,922	3.7%
	Mar-13	Travelodge Brooks	Brooks	61	\$2,800,000	\$45,900	N/A
	Apr-13	Chateau Lacombe Hotel	Edmonton	307	\$27,500,000	\$89,577	N/A
	Apr-13	Grassland Motel	Grassland	20	\$1,050,000	\$52,500	N/A
	Jun-13	Holiday Inn Express Sherwood Park	Sherwood Park	90	\$15,150,000	\$168,333	9.0%
	Jun-13	Travelodge Medicine Hat	Medicine Hat	128	\$3,570,000	\$27,900	7.9%
	Jul-13	Clarion Hotel and Conference Centre Calgary	Calgary	185	\$18,100,000	\$97,838	7.4%
	Jul-13	Advantage Motel	Edmonton	50	\$2,500,000	\$50,000	N/A
	Aug-13	Western Valley Inn	Valleyview	50	\$6,750,000	\$135,000	N/A
	Aug-13	Four Points by Sheraton Edmonton International Airport	Nisku	112	\$17,725,000	\$158,259	N/A
	Aug-13	Quality Inn North Hill Red Deer	Red Deer	114	\$15,750,000	\$138,158	8.7%
	Aug-13	Horizon Motel	Saint Albert	38	\$3,450,000	\$90,789	N/A
	Aug-13	Howard Johnson Hotel Edmonton	Edmonton	59	\$6,201,561	\$105,111	5.0%
	Aug-13	Royal Western Motel	Edmonton	38	\$3,700,000	\$97,368	N/A
	Aug-13	Hospitality Inns & Suites Fort Saskatchewan	Fort Saskatchewan	100	\$11,000,000	\$110,000	9.0%
	Aug-13	Ritz Cafe and Motor Inn	Whitecourt	62	\$5,500,000	\$88,710	13.3%
	Sep-13	Quality Inn & Convention Centre Medicine Hat	Medicine Hat	61	\$4,100,000	\$67,200	N/A
	Sep-13	Westin Calgary	Calgary	525	\$192,100,000	\$366,000	8.2%
	Sep-13	Westin Edmonton	Edmonton	416	\$86,200,000	\$207,211	7.9%
	Oct-13	Grand Hotel Edmonton	Edmonton	76	\$5,200,000	\$68,421	N/A
	Nov-13	Acclaim Hotel Calgary Airport	Calgary	225	\$42,000,000	\$186,667	N/A
	Dec-13	Microtel Inn and Suites by Wyndham Blackfalds/Red Deer	Blackfalds	63	\$8,325,000	\$132,143	N/A
	30	Sales		3,453	\$530,235,061	\$153,558	

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2013 Canadian Hotel Sales

MB	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Jan-13	St. Regis Hotel	Winnipeg	106	\$5,000,000	\$29,412	N/A
	Jan-13	Holiday Inn Winnipeg South*	Winnipeg	170	\$5,500,000	\$64,706	10.0%
	Jul-13	Carlton Inn Winnipeg	Winnipeg	108	\$2,166,666	\$20,061	N/A
	Nov-13	Super 8 Morden	Morden	50	\$3,572,400	\$71,448	N/A
	4 Sales			434	\$16,239,066	\$37,417	

ON	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Jan-13	Metropolitan Hotel	Toronto	430	\$39,700,000	\$92,326	N/A
	Jan-13	Quality Hotel Burlington	Burlington	110	\$9,750,000	\$88,636	N/A
	Jan-13	Hampton Inn Napanee	Napanee	58	\$6,500,000	\$112,100	N/A
	Jan-13	Residence Inn by Marriott London	London	116	\$6,000,000	\$51,724	10.0%
	Feb-13	Hilton Toronto	Toronto	601	\$140,000,000	\$232,945	7.6%
	Feb-13	Holiday Inn Express Brampton	Brampton	84	\$8,050,000	\$95,833	N/A
	Mar-13	Econo Lodge London Ontario	London	87	\$2,800,000	\$32,183	N/A
	Mar-13	Microtel Woodstock Ontario	Woodstock	74	\$3,347,000	\$45,200	N/A
	Apr-13	Econo Lodge Fort Erie	Fort Erie	70	\$1,850,000	\$26,400	N/A
	Apr-13	Super 8 Huntsville	Huntsville	37	\$1,440,000	\$38,900	N/A
	May-13	Courtyard by Marriott Toronto Downtown	Toronto	575	\$76,250,000	\$132,608	7.7%
	May-13	Hilton Windsor	Windsor	512	\$10,250,000	\$20,000	N/A
	May-13	Guelph Royal Inn & Suites	Guelph	65	\$3,500,000	\$53,800	N/A
	May-13	Diamond Motor Inn	Diamond Motor Inn	22	\$1,025,000	\$46,600	N/A
	May-13	Harbour Inn & Resort Lagoon City	Brechin	43	\$1,400,000	\$32,600	N/A
	May-13	Comfort Inn Midland	Midland	60	\$3,000,000	\$50,000	N/A
	May-13	Knights Inn Park Villa Motel	Midland	41	\$1,670,000	\$40,700	N/A
	May-13	Hilton Toronto Airport	Mississauga	419	\$25,000,000	\$59,666	8.4%
	May-13	Holiday Inn Hotel & Suites Toronto Markham	Markham	299	\$11,000,000	\$36,789	4.5%
	Jun-13	Quality Hotel & Suites Airport East	Toronto	197	\$9,750,000	\$49,500	N/A
	Jun-13	Travelodge Oshawa	Oshawa	120	\$8,150,000	\$67,900	N/A
	Jun-13	Super 8 Sudbury	Sudbury	85	\$4,050,000	\$47,600	N/A
	Jun-13	Courtyard by Marriott Meadowvale	Mississauga	144	\$14,650,000	\$101,700	7.7%
	Jun-13	Courtyard by Marriott Markham	Markham	144	\$14,700,000	\$102,100	8.2%
	Jun-13	Residence Inn by Marriott Meadowvale	Mississauga	100	\$13,250,000	\$132,500	7.3%
	Jun-13	Residence Inn by Marriott Markham	Markham	100	\$10,700,000	\$107,000	7.2%
	Jun-13	Courtyard by Marriott Toronto Vaughan	Vaughan	144	\$17,250,000	\$119,800	7.3%
	Jun-13	Days Inn	Guelph	87	\$3,400,000	\$39,100	N/A
	Jun-13	Knights Inn Sudbury	Sudbury	35	\$1,000,000	\$28,600	N/A
	Jun-13	Fairfield Inn & Suites by Marriott Toronto Airport	Mississauga	170	\$16,000,000	\$94,118	6.1%
	Jul-13	Comfort Inn By Journeys End	Kingston	57	\$2,300,000	\$40,400	N/A
	Jul-13	Motel 6 Peterborough	Peterborough	85	\$4,350,000	\$51,200	N/A
	Jul-13	Touchstone On Lake Muskoka	Bracebridge	N/A	N/A	N/A	N/A
	Aug-13	Omni King Edward Hotel Toronto	Toronto	N/A	N/A	N/A	N/A
	Aug-13	Empress Inn Hotel	Niagara Falls	81	\$1,285,000	\$15,864	N/A
	Aug-13	Holiday Inn Express Clarington Bowmanville	Bowmanville	95	\$8,377,348	\$88,183	8.4%
	Aug-13	SW Hotel Toronto Airport Mississauga	Mississauga	224	\$13,800,000	\$61,607	N/A
	Sep-13	Red Carpet Inn and Suites Sudbury	Lively	37	\$1,607,500	\$43,500	N/A
	Sep-13	Comfort Inn London	London	79	\$2,700,000	\$34,000	8.9%
	Sep-13	Walper Hotel	Kitchener	82	\$4,600,000	\$56,100	N/A
	Sep-13	Comfort Inn Burlington	Burlington	99	\$4,500,000	\$45,500	7.8%
	Sep-13	Westin Ottawa	Ottawa	496	\$139,000,000	\$280,000	8.0%
	Sep-13	Westin Harbour Castle Toronto	Toronto	977	\$196,900,000	\$202,000	7.8%
	Oct-13	Holiday Inn Express Ottawa West Nepean	Ottawa	115	\$19,500,000	\$169,565	8.2%

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2013 Canadian Hotel Sales

ON	Date of Sale	Property Name (cont'd)	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Oct-13	Delawana Inn	Honey Harbour	148	\$3,100,000	\$20,900	N/A
	Oct-13	A1 Motel	Niagara Falls	29	\$920,000	\$31,724	N/A
	Oct-13	Crystal Inn on the Parkway	Niagara Falls	38	\$975,000	\$25,658	N/A
	Nov-13	Days Inn Barrie	Barrie	78	\$5,600,000	\$71,795	N/A
	Nov-13	Comfort Inn Meadowvale	Mississauga	115	\$5,125,000	\$44,600	N/A
	Nov-13	Howard Johnson Inn Sarnia	Sarnia	50	\$1,485,000	\$29,700	N/A
	Nov-13	Fairmont Chateau Laurier	Ottawa	429	\$120,000,000	\$279,720	6.4%
	Nov-13	Muskoka Riverside Inn	Bracebridge	54	\$2,050,000	\$38,000	N/A
	Dec-13	Oasis Motel Niagara Falls	Niagara Falls	28	\$765,000	\$27,321	N/A
	Dec-13	Travelodge North Bay	North Bay	76	\$2,603,750	\$34,300	N/A
	Dec-13	Universal Inn and Suites	Niagara Falls	80	\$4,450,000	\$55,625	N/A
	Dec-13	Holiday Inn Express North York	North York	163	\$7,500,000	\$46,012	N/A
	56	Sales		8,744	\$1,018,925,598	\$116,529	

QC	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Feb-13	Rustik Motel	Châteauguay	22	\$1,725,000	\$78,400	N/A
	Feb-13	Comfort Inn & Suites Shawinigan	Shawinigan	71	\$3,550,000	\$50,000	N/A
	May-13	Motel Aubin	Montreal	20	\$1,700,000	\$85,000	N/A
	Jul-13	Delta Centre Ville	Montreal	711	\$51,250,000	\$72,081	N/A
	Sep-13	Hotel Gouverneur Trois Rivières	Trois Rivières	128	\$7,899,000	\$61,700	N/A
	Sep-13	Motel Le Pavillon	Saint Basile le Grand	38	\$2,180,000	\$57,368	N/A
	Nov-13	Hôtel Le Voyageur de Québec	Sainte-Anne Québec	64	\$3,816,750	\$59,600	N/A
	Dec-13	Quality Hotel Montreal Downtown	Montreal	140	\$12,300,000	\$87,900	N/A
	Dec-13	Motel Dufferin	Quebec City	55	\$1,200,000	\$21,800	N/A
	9	Sales		1,249	\$85,620,750	\$68,551	

NB	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Dec-13	Lakeview Inn & Suites Fredericton	Fredericton	97	\$3,400,000	\$35,052	N/A

NS	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Mar-13	Cambridge Suites Hotel Halifax	Halifax	200	\$35,000,000	\$175,000	6.7%
	Mar-13	Cambridge Suites Hotel	Sydney	145	\$13,950,000	\$96,207	6.6%
	Mar-13	Prince George Hotel	Halifax	203	\$35,000,000	\$171,569	6.9%
	3	Sales		548	\$83,950,000	\$153,193	

NFL	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Mar-13	Battery Hotel & Suites	Saint John's	127	\$9,500,000	\$74,803	N/A

YK	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Apr-13	Edgewater Hotel	Whitehorse	32	\$1,600,000	\$50,000	N/A

NWT	Date of Sale	Property Name	City	Room Count	Price Paid	Price Per Room	Overall Cap
	Oct-13	Nova Court Yellowknife	Yellowknife	106	\$21,680,000	\$204,528	7.7%
	130	Total Hotel Sales		17,002	\$2,099,366,975	\$123,478	

Note: * 50% Purchase of the property, price per room is equal to the purchase of the 100% interest.



About HVS

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About the Author



**Carrie Russell, AACI, MAI,
Managing Director** –

Over the course of her 17-year career with HVS, Carrie has been involved with appraisals and/or feasibility studies for over 1,500 hotel

properties throughout Canada and the United States. She speaks regularly at industry conferences and has authored several articles on various topics relevant to the industry. As a member of the Appraisal Institute of Canada and the US Appraisal Institute, Carrie combines her hotel industry experience and education with her real estate credentials to assist clients in making informed hotel investment decisions.

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