

CBRE HOTELS

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The World's Leading Hotel Experts.

# **COVID-19**

## **PRELIMINARY ASSESSMENT OF THE IMPACTS ON THE CANADIAN ACCOMMODATION SECTOR**

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May 2020

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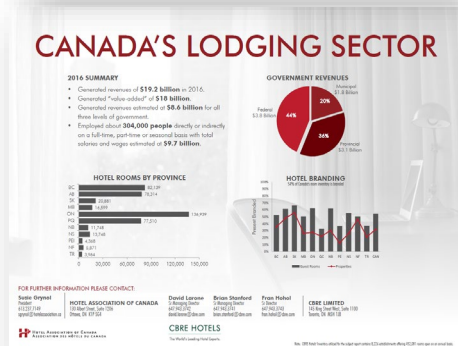
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# CBRE HOTELS – CANADA

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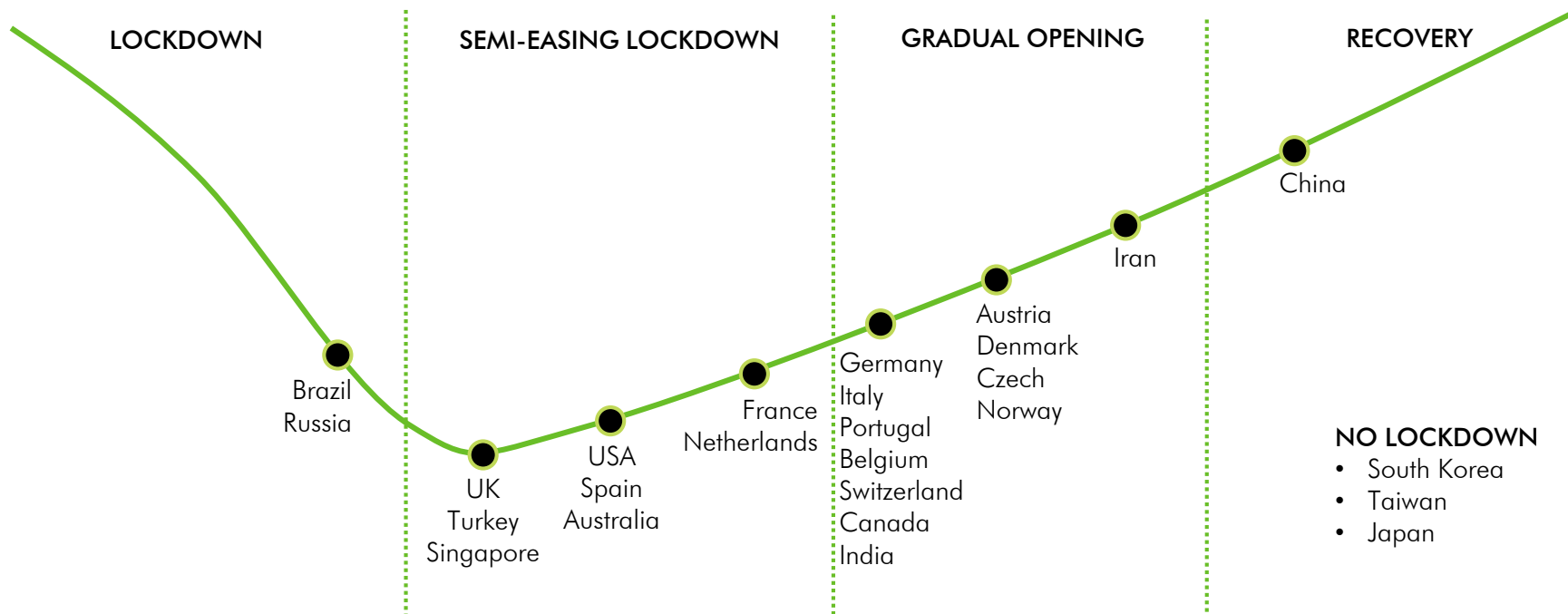


# CURRENT COVID-19 SITUATION

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# GLOBAL PERSPECTIVE

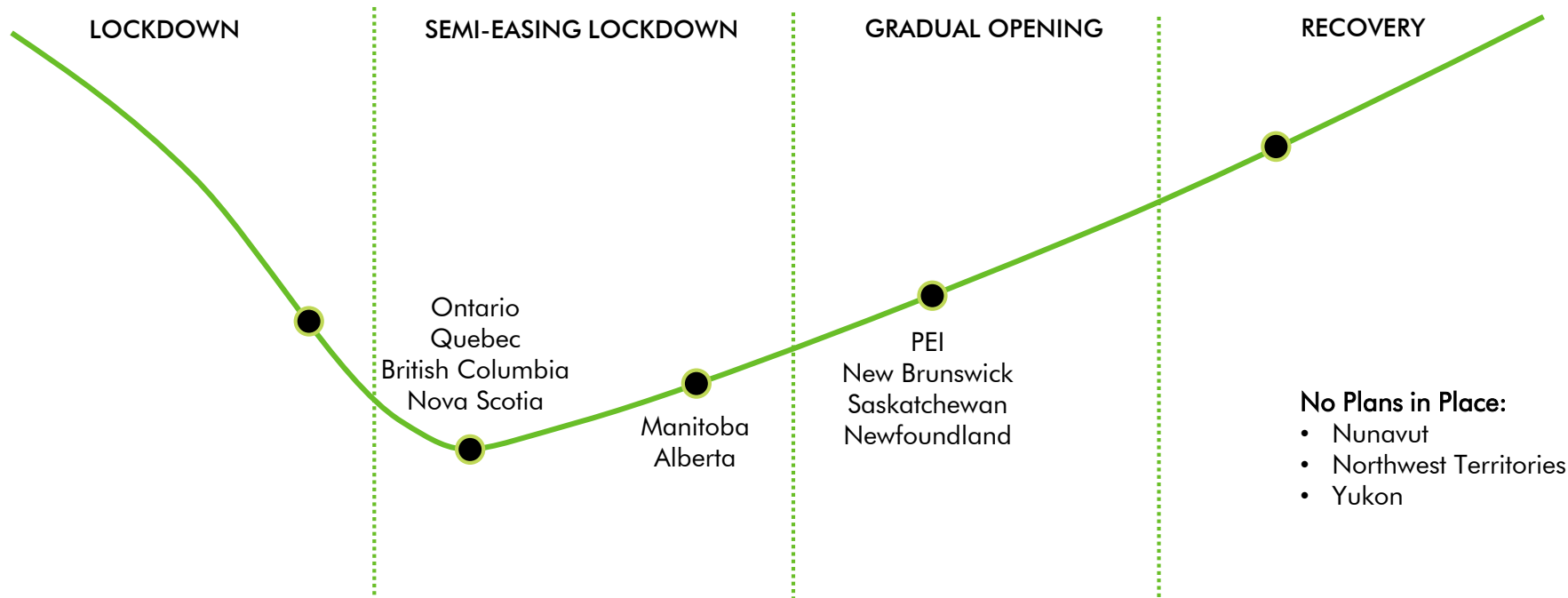
## GDP-lead indicator and lockdown stage comparison (May 4)



Source: CBRE Hotels Research

# CANADIAN PERSPECTIVE

## Canadian Provincial lockdown stage comparison (May 6)



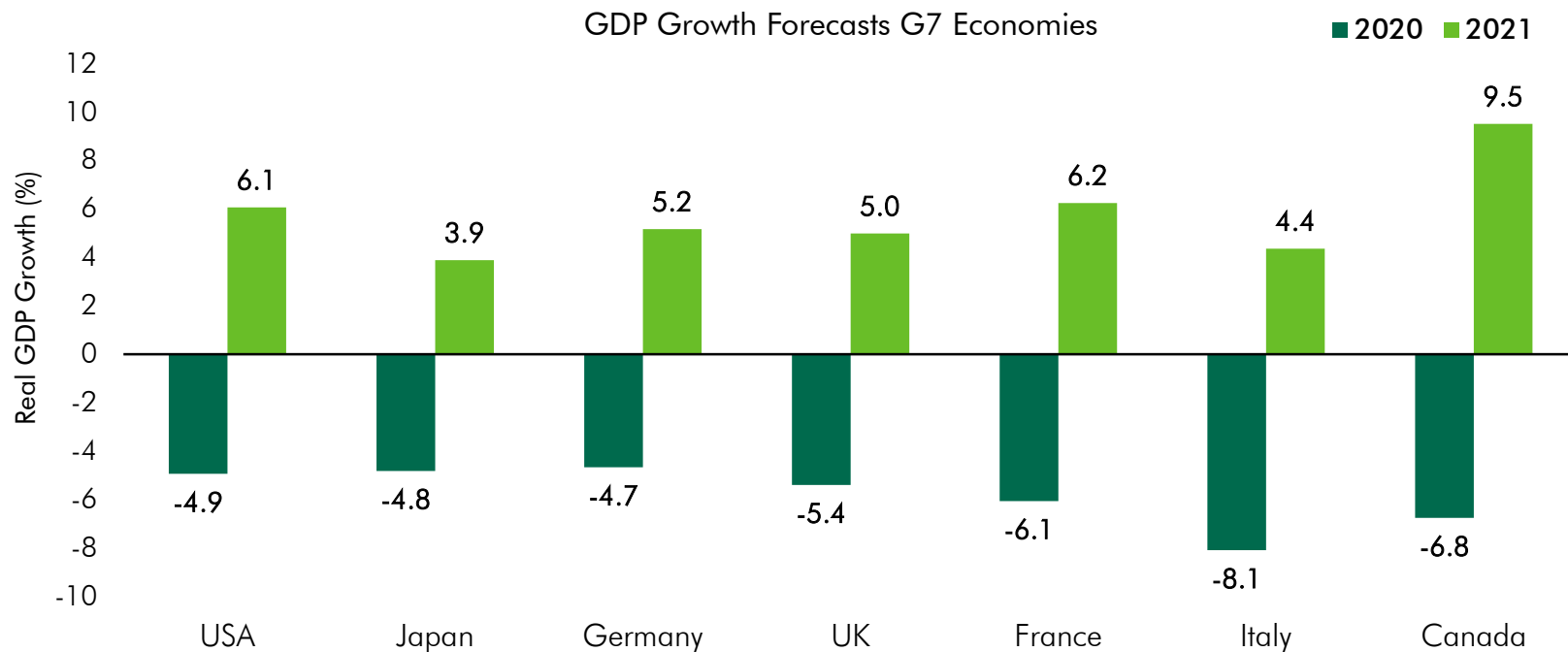


# ECONOMIC OUTLOOKS

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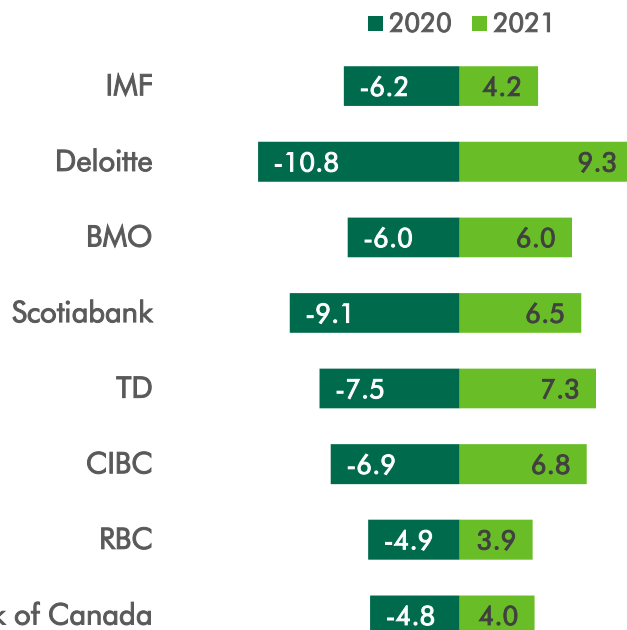
# THE CBRE ECONOMIC SITUATION



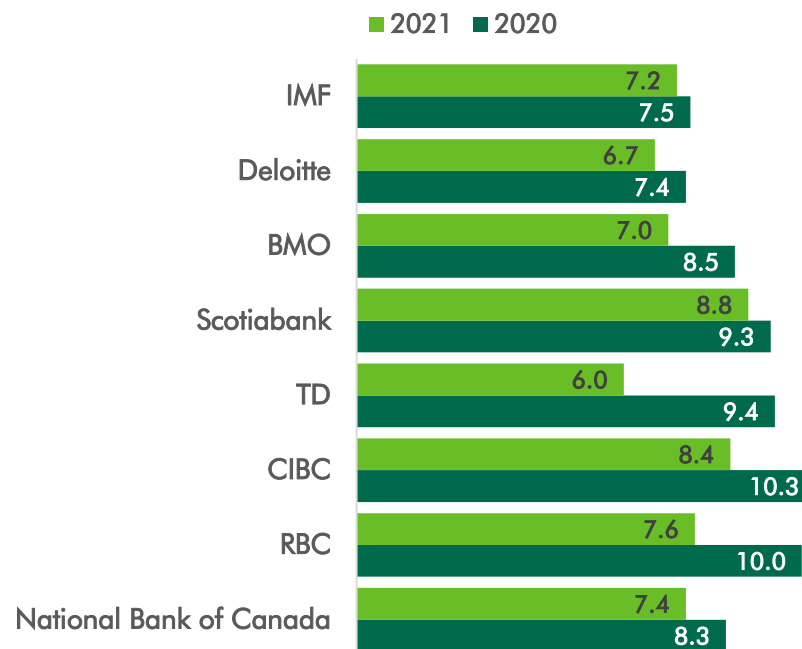
Source: CBRE House-View, April 2020.

# THE CURRENT ECONOMIC SITUATION

## GDP Forecast



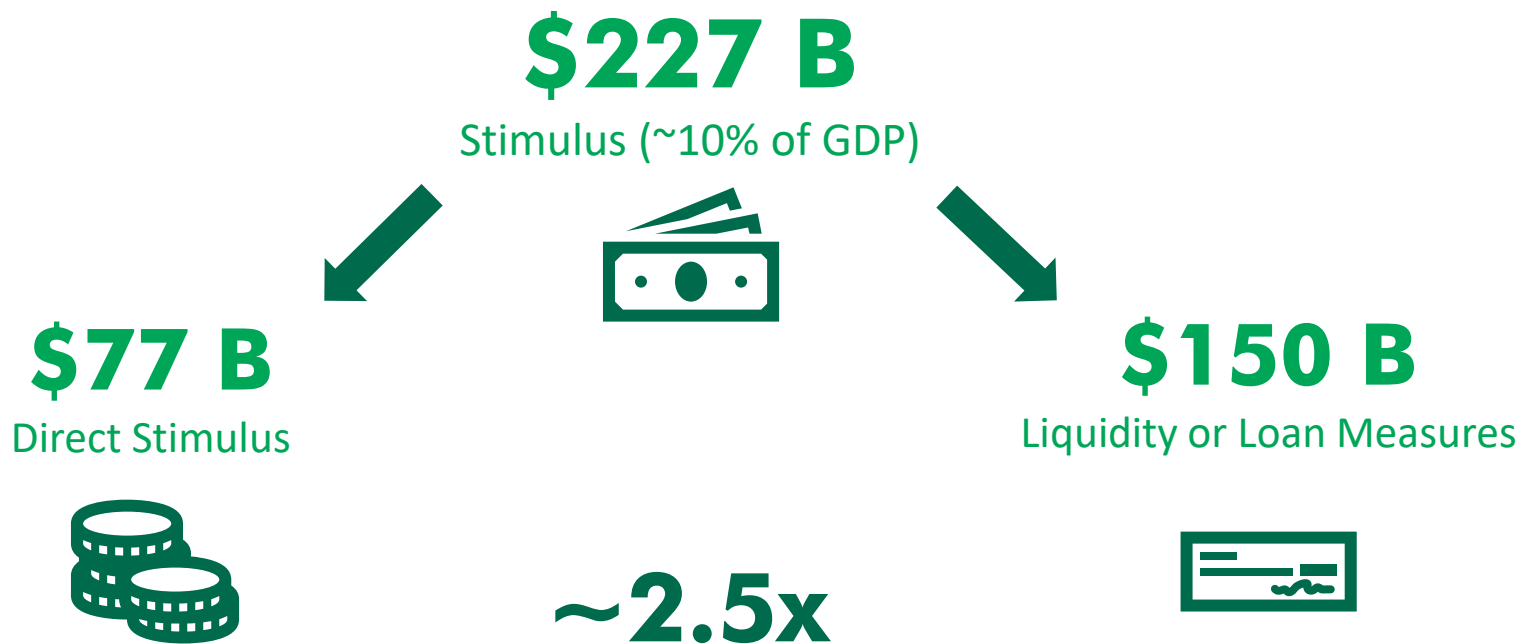
## Unemployment Forecast



Compiled by CBRE Hotels, 2020

Source: CBRE Hotels' Trends in the Hotel Industry National Market with reproduction and use of information subject to CBRE Limited Disclaimer | Terms of Use as detailed at <https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/disclaimer>

# THE CURRENT ECONOMIC SITUATION



**Larger than 2009 Financial Crisis Response**

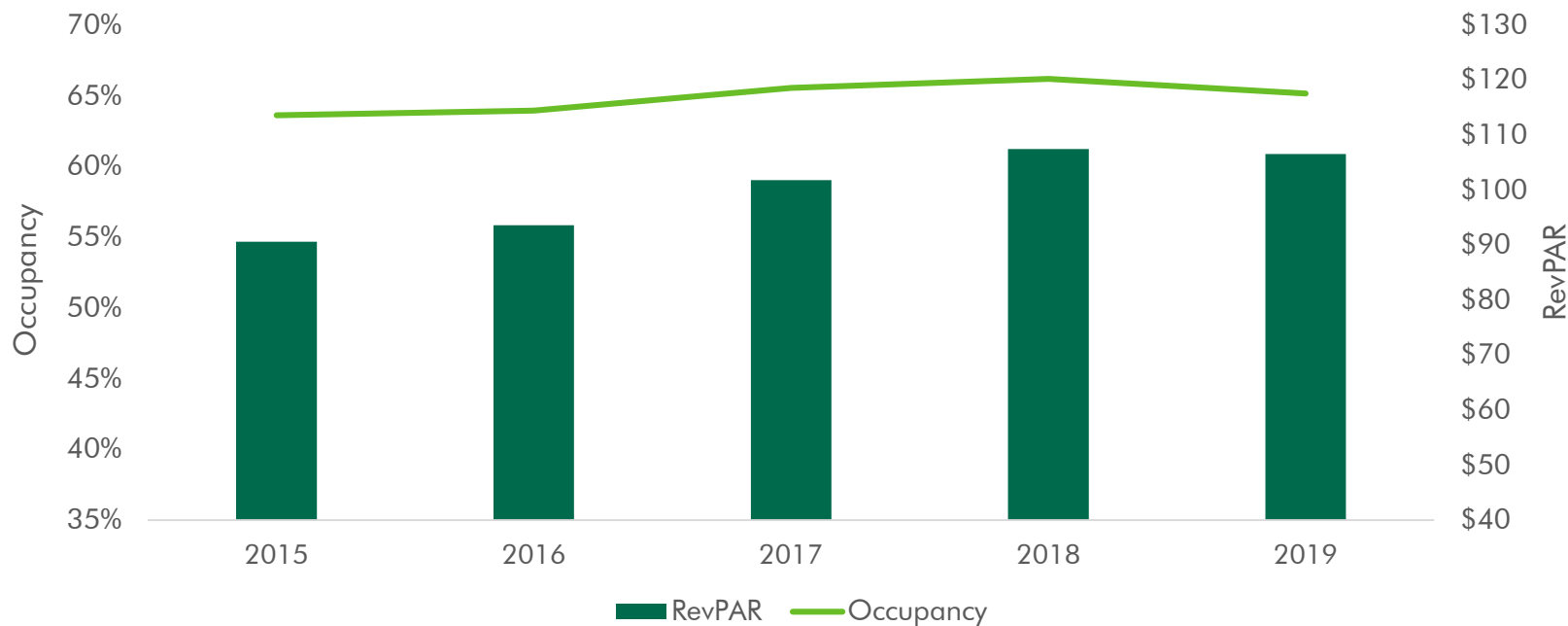
# RECENT HISTORY

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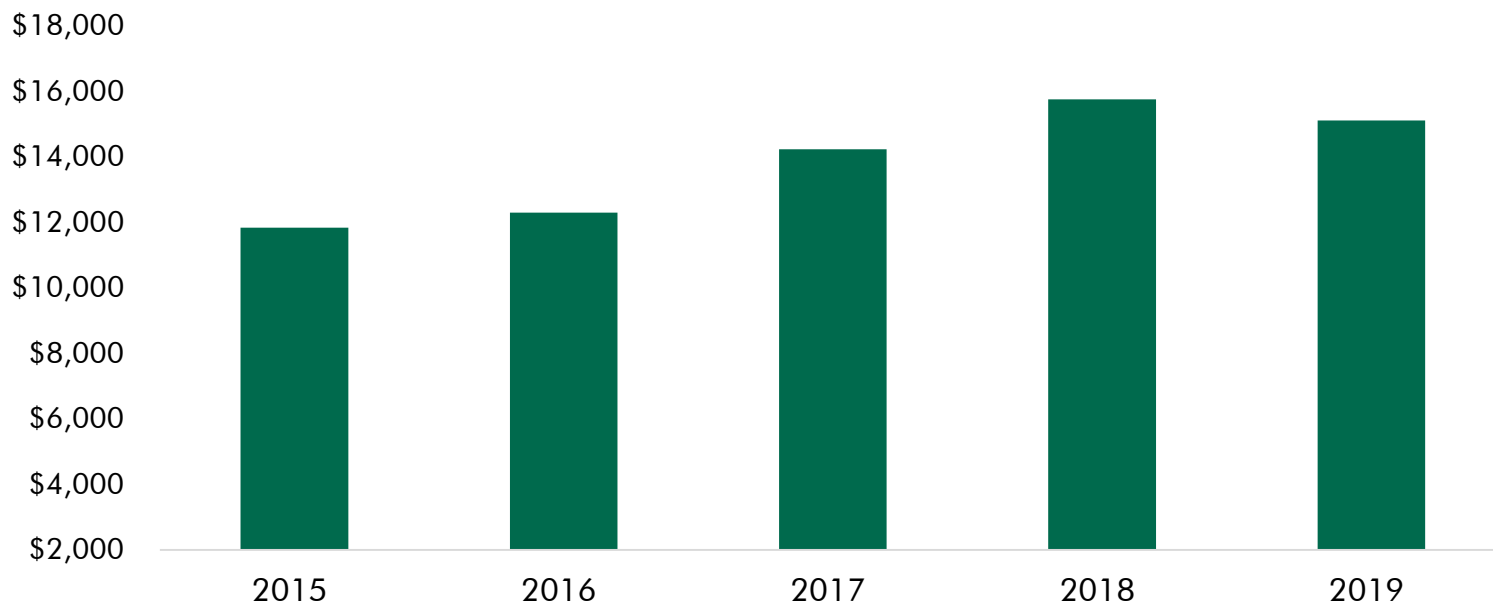


# 2015 TO 2019

## National Accommodation Market Occupancy & RevPAR 2015-2019



## National ANOI Per Room



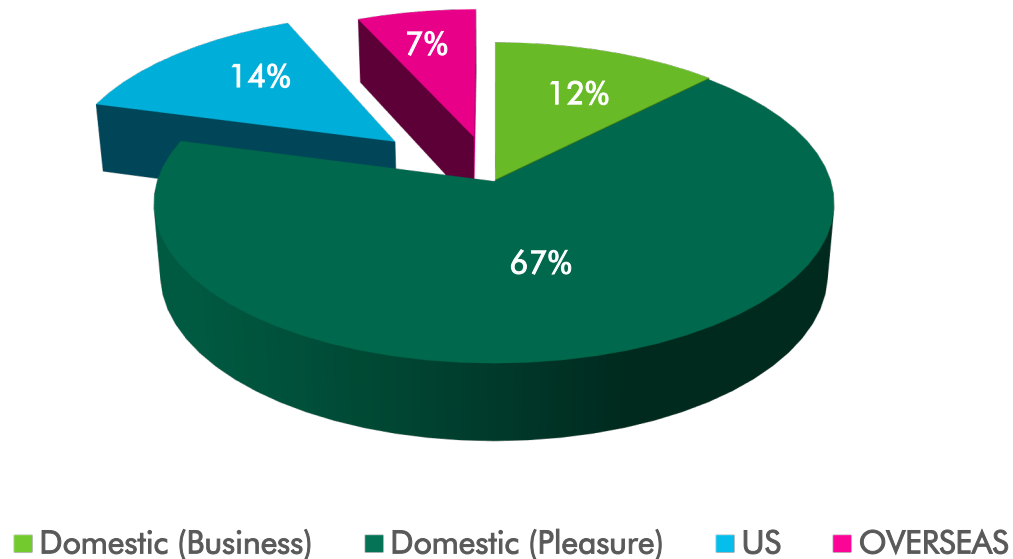
# OUR ORIGINAL 2020 OUTLOOK

NATIONAL	2020 Projections
Rooms	465,006
Occupancy	66%
ADR	\$171
RevPAR	\$113
	% Change
Supply	1.9%
Demand	1.8%
ADR	3.0%
RevPAR	2.8%

## HIGHLIGHTS:

- Supply was expected to grow at record levels
- With demand expected to be generally in balance with supply occupancy was expected to be relatively flat
- ADR growth was expected to be below the five year average
- With moderate ADR growth and occupancy holding flat RevPAR growth was expected to be less than 3%

## CANADIAN TRAVEL BREAKDOWN



Source: Conference Board of Canada

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A photograph of a bedroom interior, featuring a bed with white linens and several pillows. A bedside lamp is visible in the background. The entire image is covered with a semi-transparent teal overlay. The text 'CURRENT MARKET PERFORMANCE' is written in white, uppercase letters across the middle of the image, with a thin yellow horizontal line positioned directly beneath it.

# CURRENT MARKET PERFORMANCE

# 2020 YTD NATIONAL PERFORMANCE

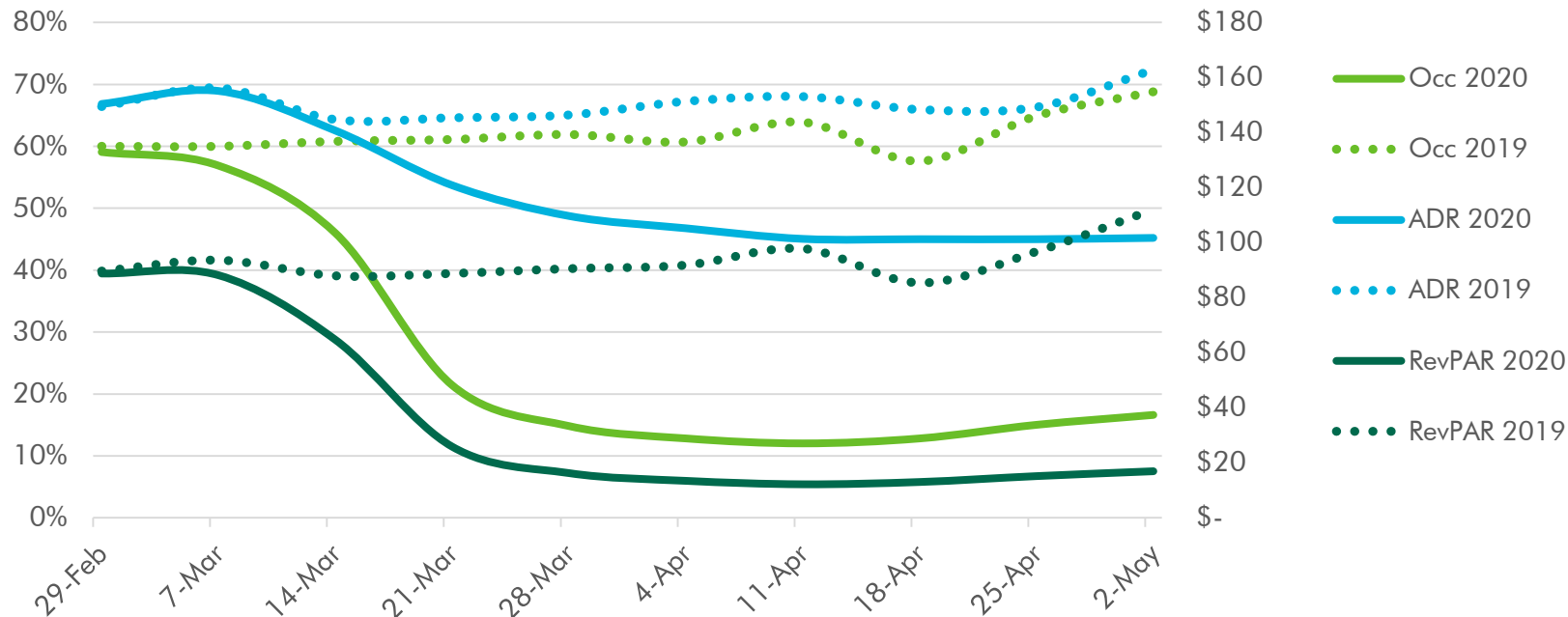
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2019	Jan	Feb	Mar	YTD March
Occupancy	51%	59%	60%	57%
ADR	\$148	\$150	\$148	\$149
RevPAR	\$75	\$88	\$89	\$84
2020	Jan	Feb	Mar	YTD March
Occupancy	50%	59%	32%	47%
ADR	\$147	\$150	\$141	\$147
RevPAR	\$74	\$88	\$45	\$69

Source: CBRE Hotels

# 2020 YTD NATIONAL PERFORMANCE

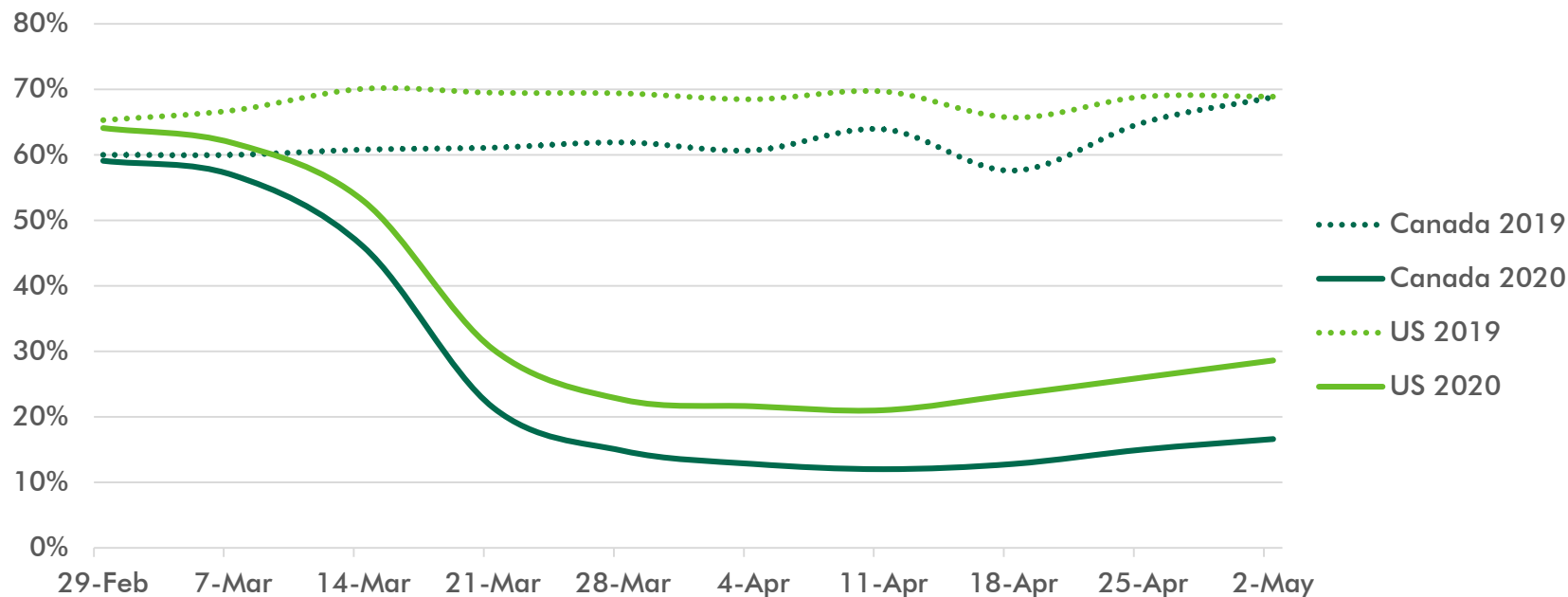
COVID-19 NATIONAL ACCOMODATION MARKET IMPACT



Source: STR

# THE CANADIAN/US TREND LINES

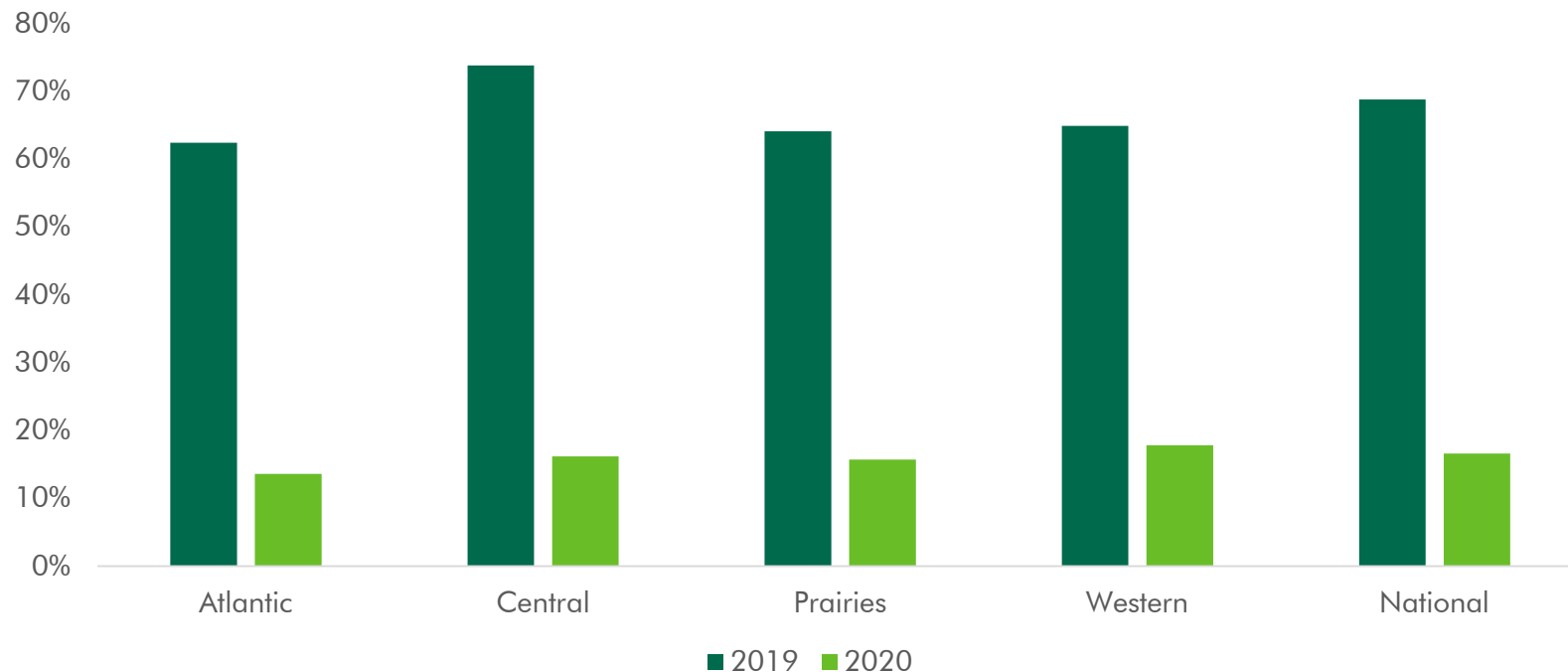
Canada/US Weekly Occupancy Performance  
2019/2020



Source: STR

# REGIONAL OCCUPANCY PERFORMANCE

Regional Occupancy Week Ending May 2nd



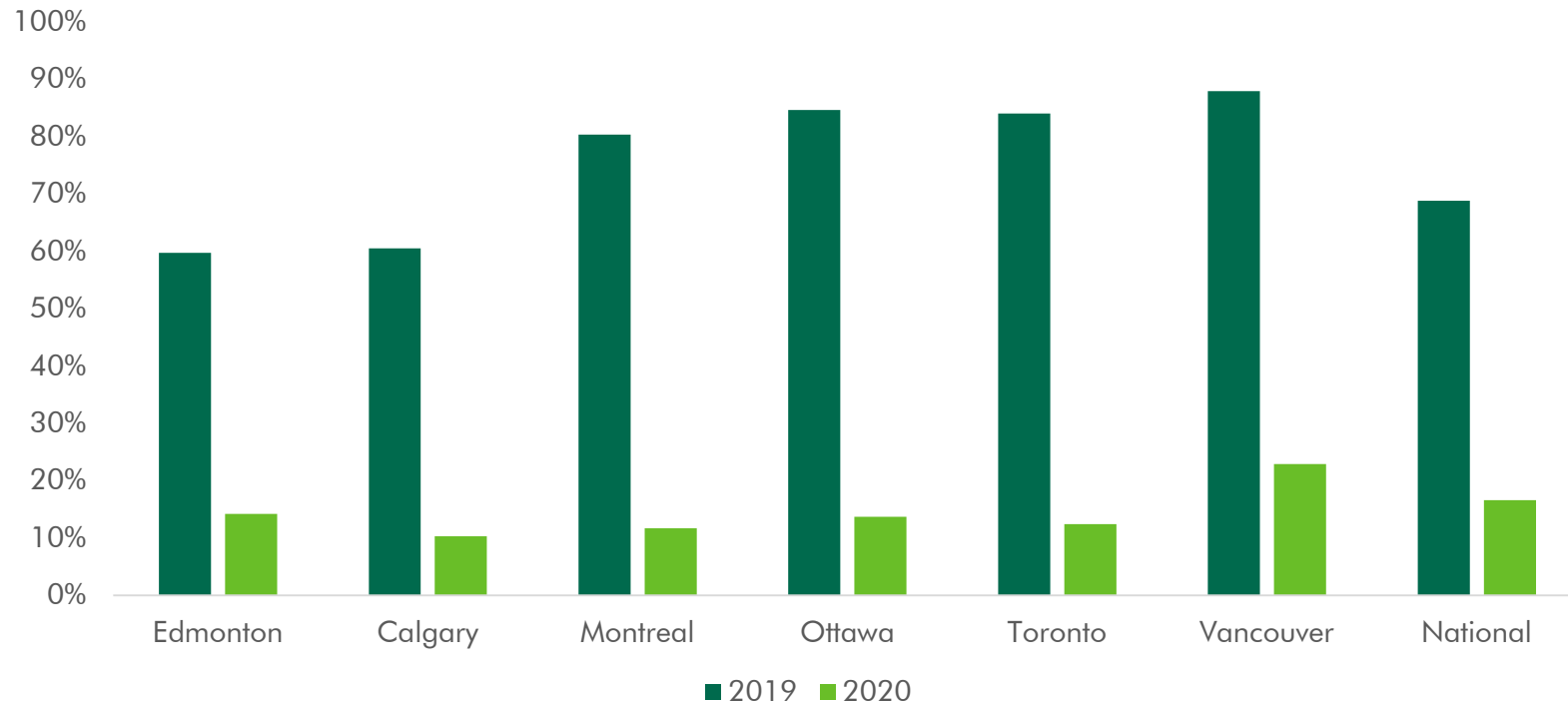
Source: STR

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# MAJOR MARKET OCCUPANCY PERFORMANCE

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Major Market Occupancy Week Ending May 2nd



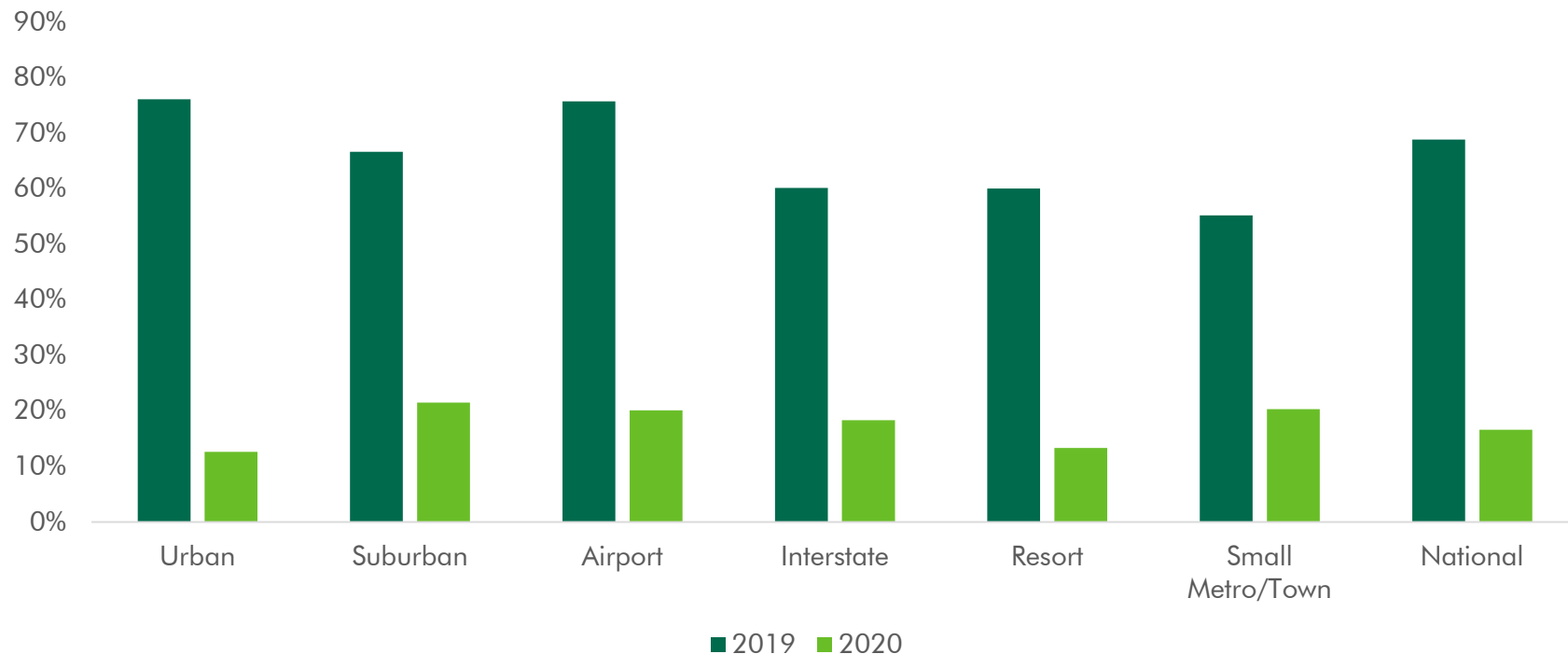
Source: STR

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# PROPERTY LOCATION OCCUPANCY PERFORMANCE

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Occupancy by Location Week of May 2nd



Source: STR

Source: CBRE Hotels' Trends in the Hotel Industry National Market with reproduction and use of information subject to CBRE Limited Disclaimer | Terms of Use as detailed at <https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/disclaimer>

# IMPACT OF HISTORIC EVENTS

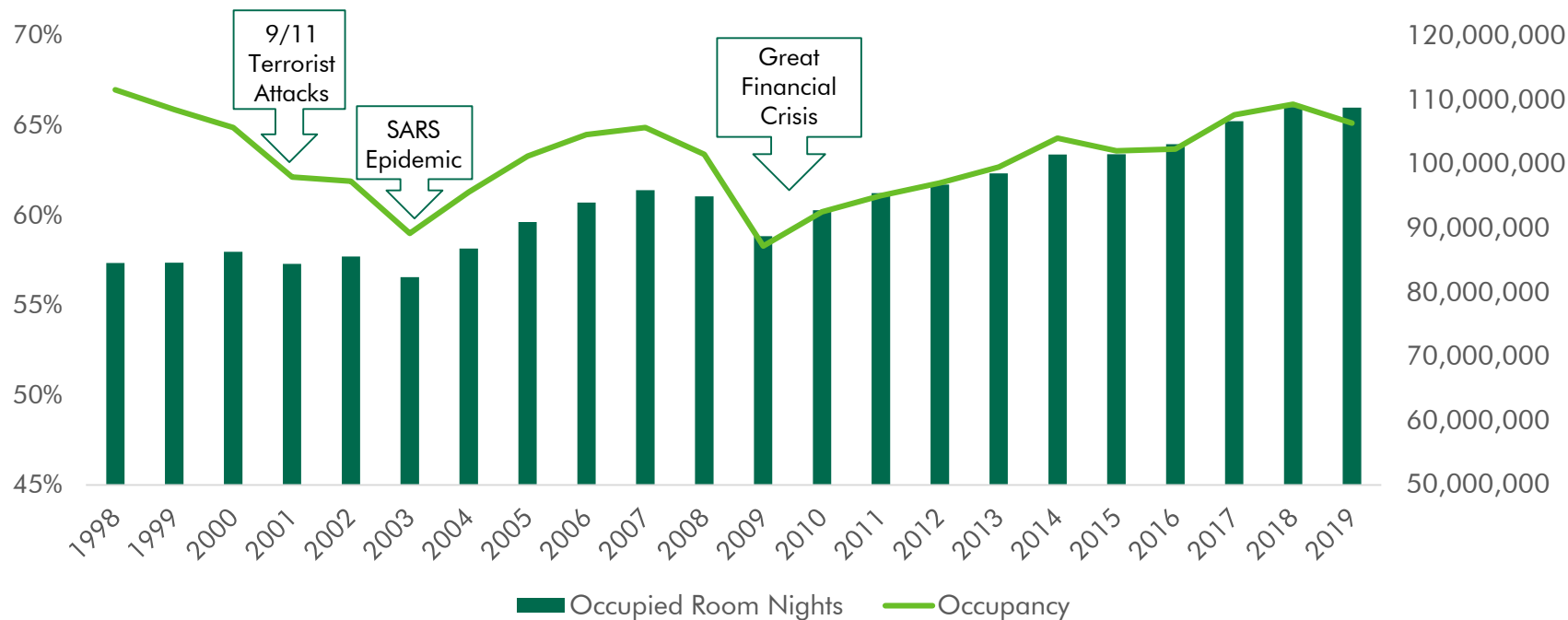
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# IMPACT OF HISTORIC EVENTS

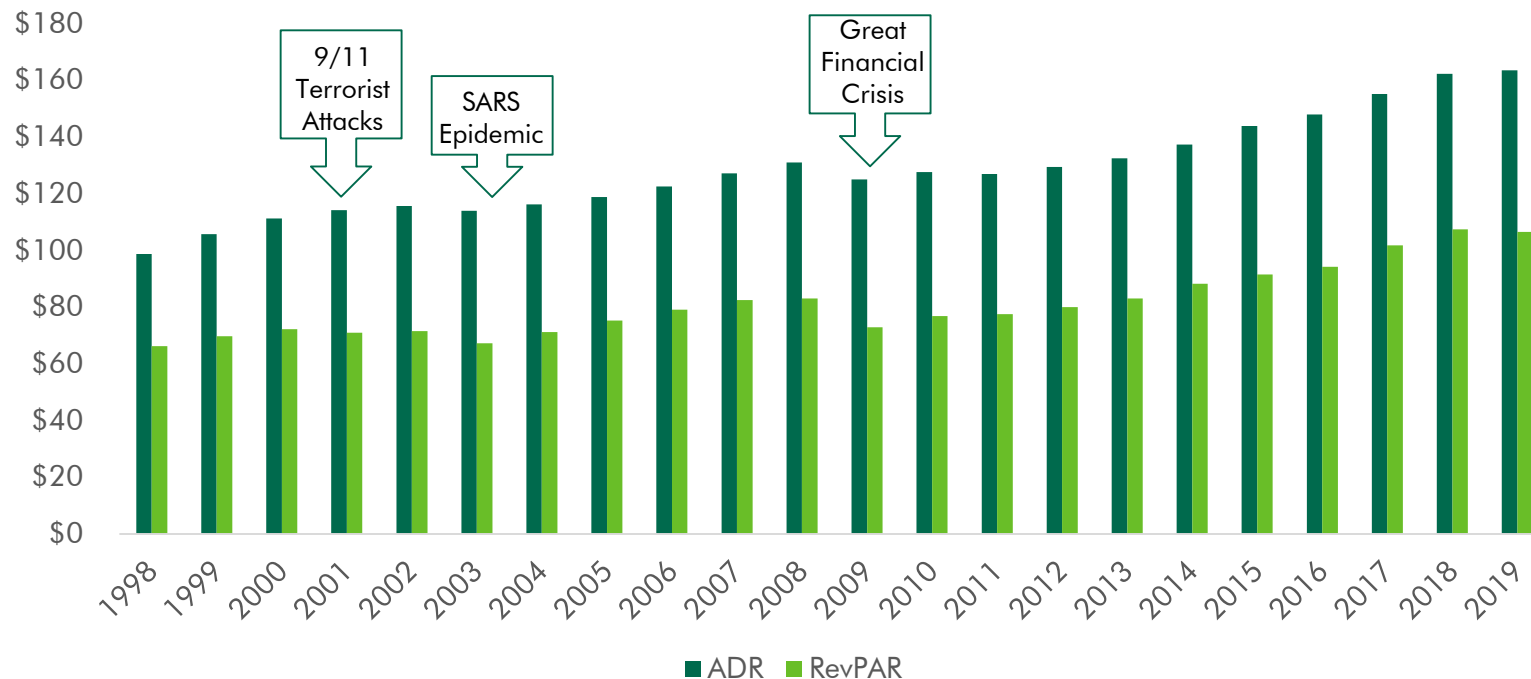
National Accommodation Market Occupancy & Demand  
1998-2019



Source: CBRE Hotels

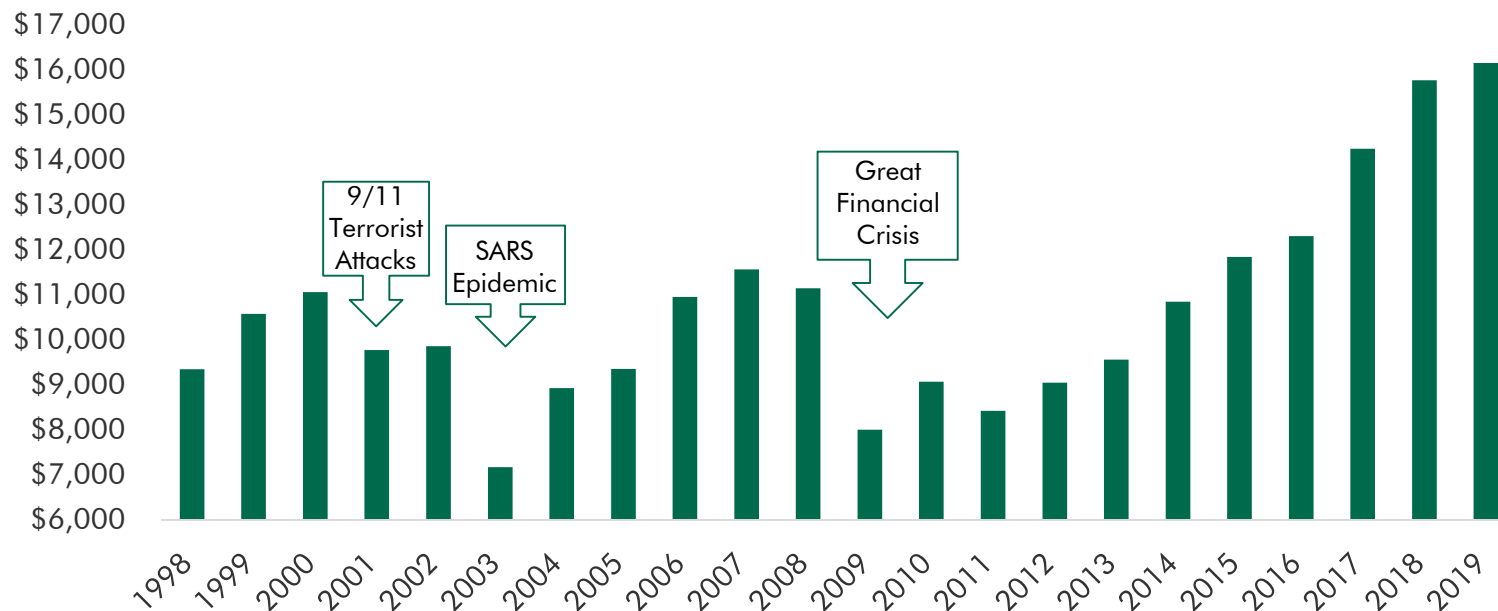
# IMPACT OF HISTORIC EVENTS

National Accommodation Market ADR & RevPAR Performance  
1998-2019



# IMPACT OF HISTORIC EVENTS

## National ANOI Per Room

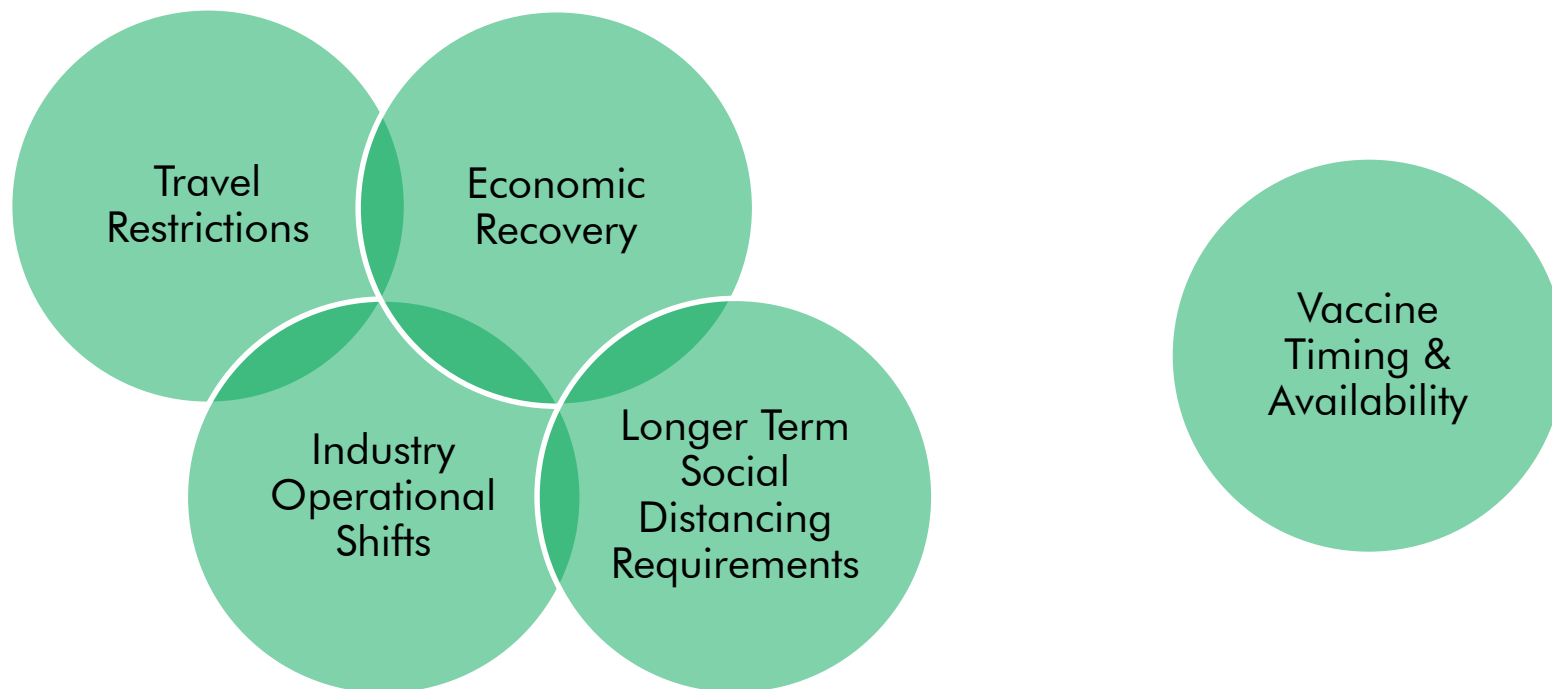


Source: CBRE Hotels

A teal-tinted photograph of a desk. In the center is a laptop with its screen open. To the left of the laptop is a rotary telephone and a clear plastic water bottle. To the right of the laptop is a desk lamp with a curved metal frame and a white lampshade. Further right, there are some small containers, possibly for pens or pencils. The text "COMING OUT OF COVID-19" is overlaid in white, sans-serif capital letters, underlined with a thin yellow line.

COMING OUT OF COVID-19

# RECOVERY INFLUENCES



# THE CANADIAN RECOVERY OUTLOOK

## CBRE Original Canadian Forecasts 1/1/2020

	Occ	ADR	RevPAR	Supply	Demand	Occ	ADR	RevPAR
2019	65.1%	\$163.52	\$106.52	1.8%	0.2%	-1.1%	0.8%	-0.8%
2020	65.3%	\$167.44	\$109.39	1.9%	2.5%	0.2%	2.4%	2.7%

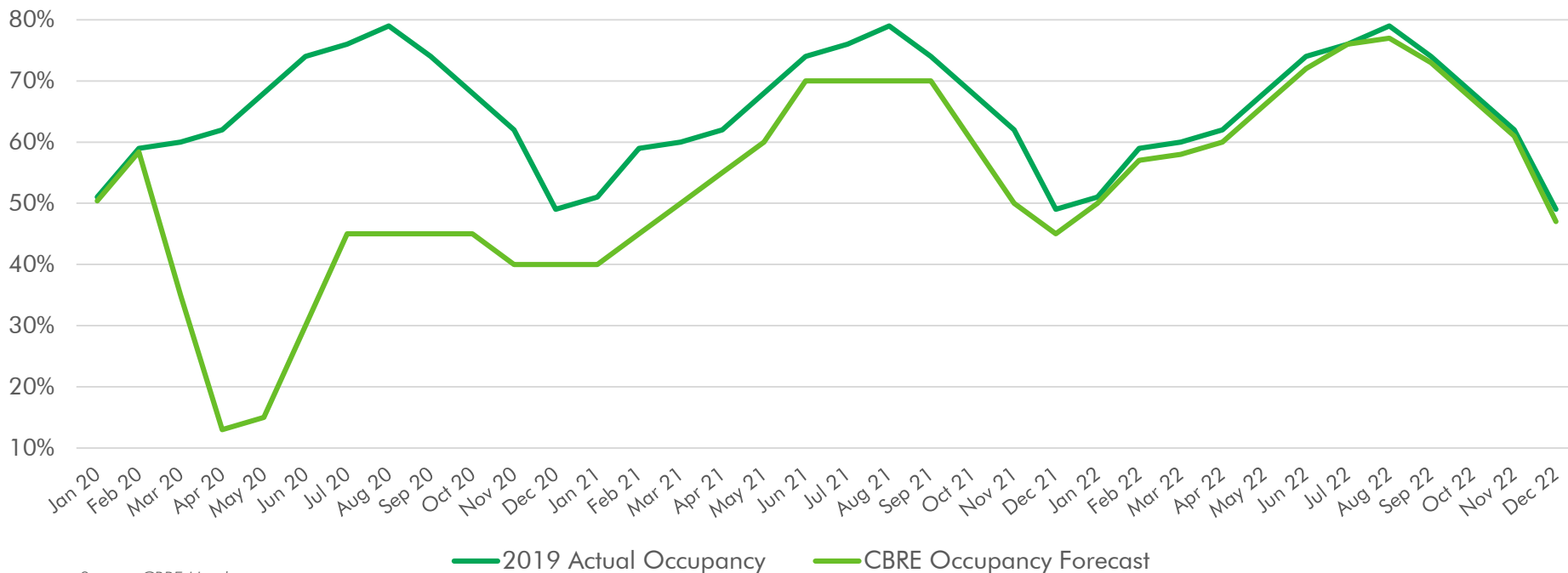
## Canadian Forecasts Based on CBRE US Forecasts 5/5/2020

	Occ	ADR	RevPAR	Supply	Demand	Occ	ADR	RevPAR
2020	38.2%	\$138.99	\$53.15	1.9%	-40.0%	-27.1%	-15.0%	-50.1%
2021	57.0%	\$152.89	\$87.09	0.7%	50.0%	18.7%	10.0%	63.8%
2022	63.5%	\$159.01	\$100.94	0.5%	12.0%	6.5%	4.0%	15.9%
2023	65.1%	\$163.78	\$106.55	0.5%	3.0%	1.6%	3.0%	5.6%
2024	65.1%	\$167.87	\$109.22	1.5%	1.5%	0.0%	2.5%	2.5%
2025	65.1%	\$172.07	\$111.95	1.5%	1.5%	0.0%	2.5%	2.5%

Source: CBRE Hotels

# THE CANADIAN RECOVERY OUTLOOK

Canadian Occupancy Forecast Based on CBRE US Forecasts 5/5/2020

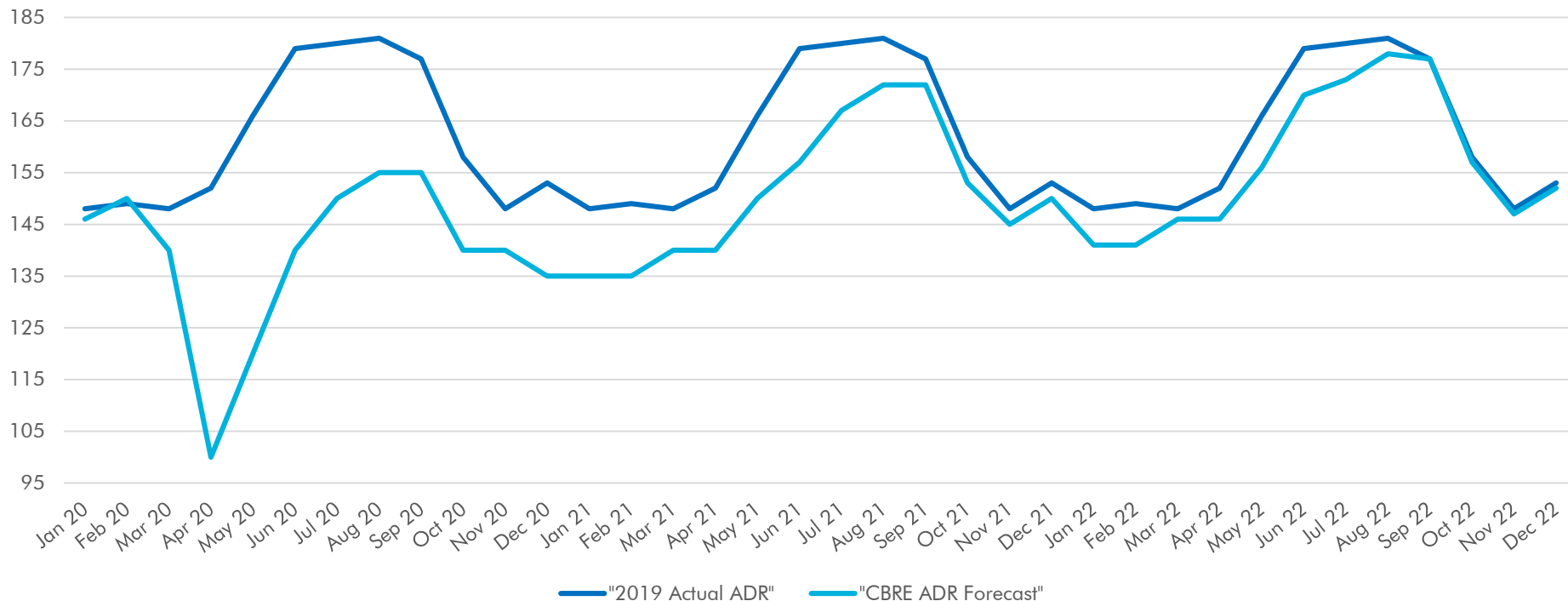


Source: CBRE Hotels

# THE CANADIAN RECOVERY OUTLOOK

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Canadian ADR Forecast Based on CBRE US Forecasts 5/5/2020



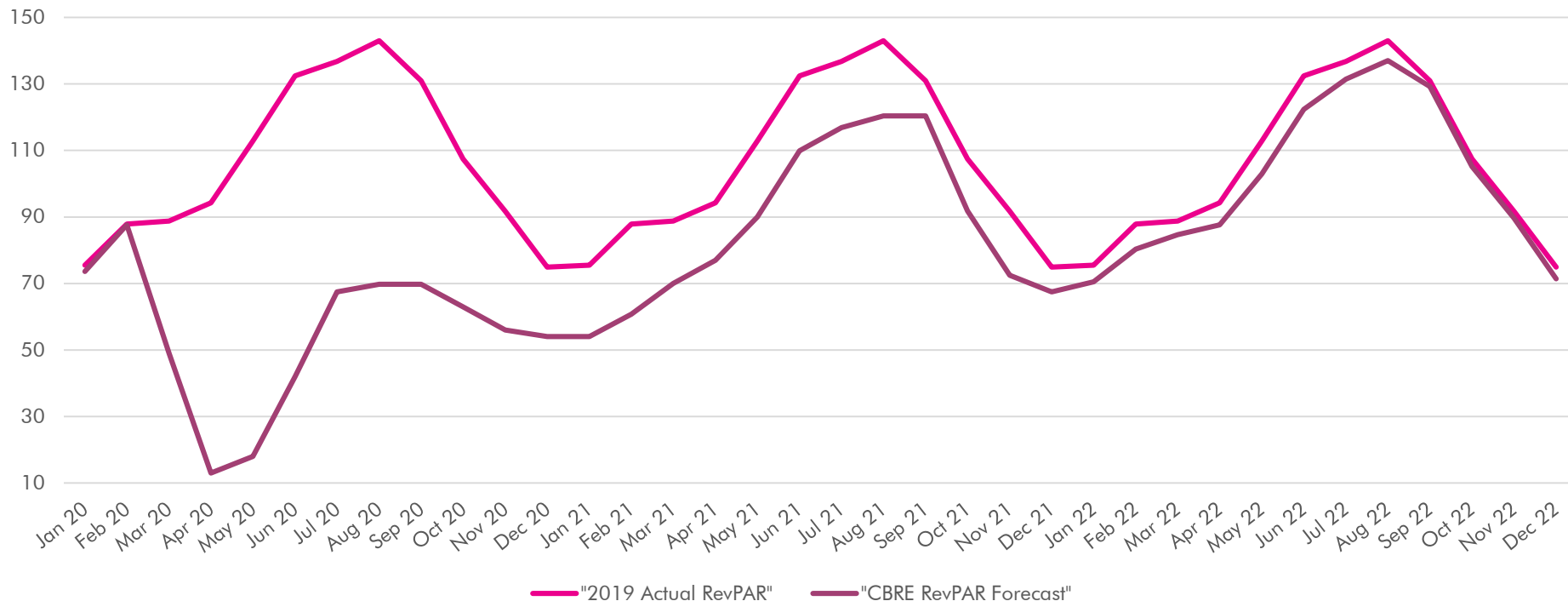
Source: CBRE Hotels

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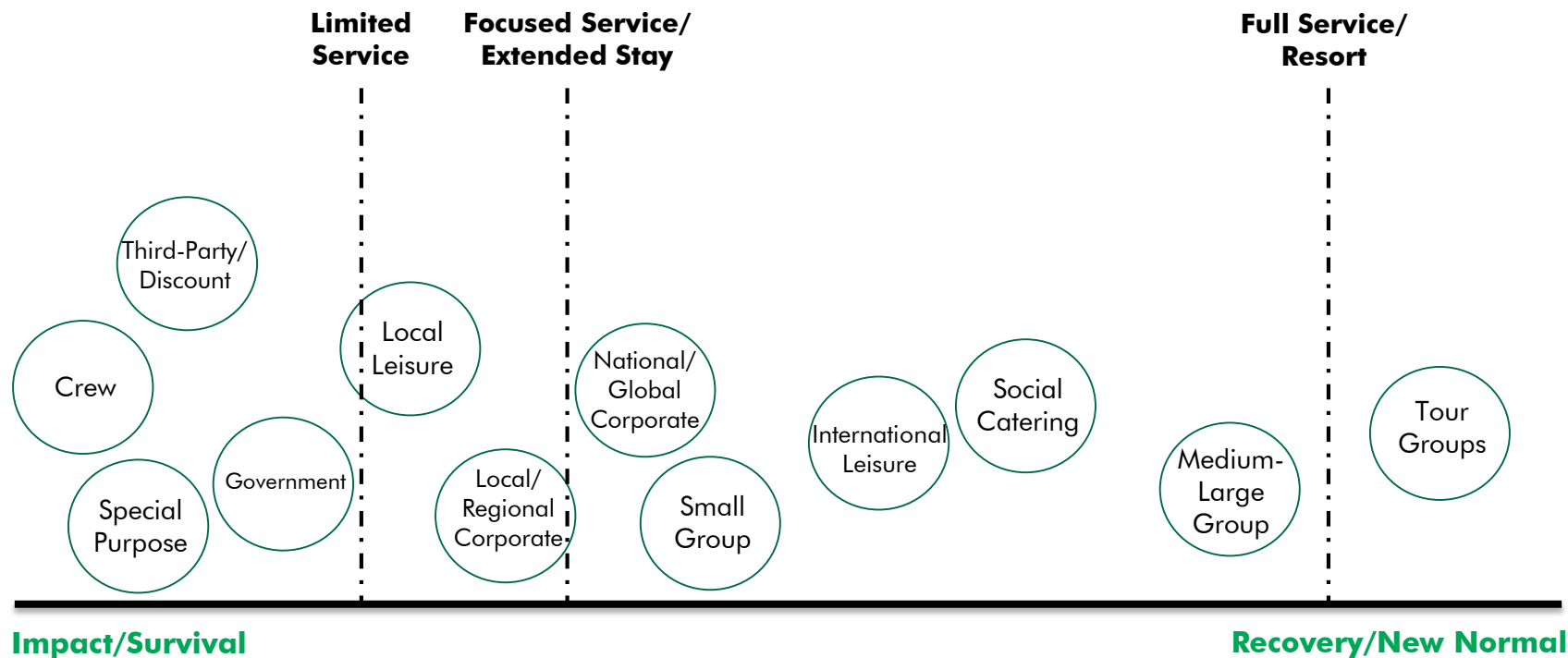
# THE CANADIAN RECOVERY OUTLOOK

Canadian RevPAR Forecast Based on CBRE US Forecasts 5/5/2020



Source: CBRE Hotels

# THE RECOVERY: SEGMENTATION IMPLICATIONS



# THE RECOVERY: PHASING



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