

CBRE HOTELS

The World's Leading Hotel Experts.

COVID-19 PRELIMINARY ASSESSMENT OF THE IMPACTS ON THE CANADIAN ACCOMMODATION SECTOR

ALBERTA HOTEL & LODGING ASSOCIATION - ASCEND
SEPTEMBER 2020

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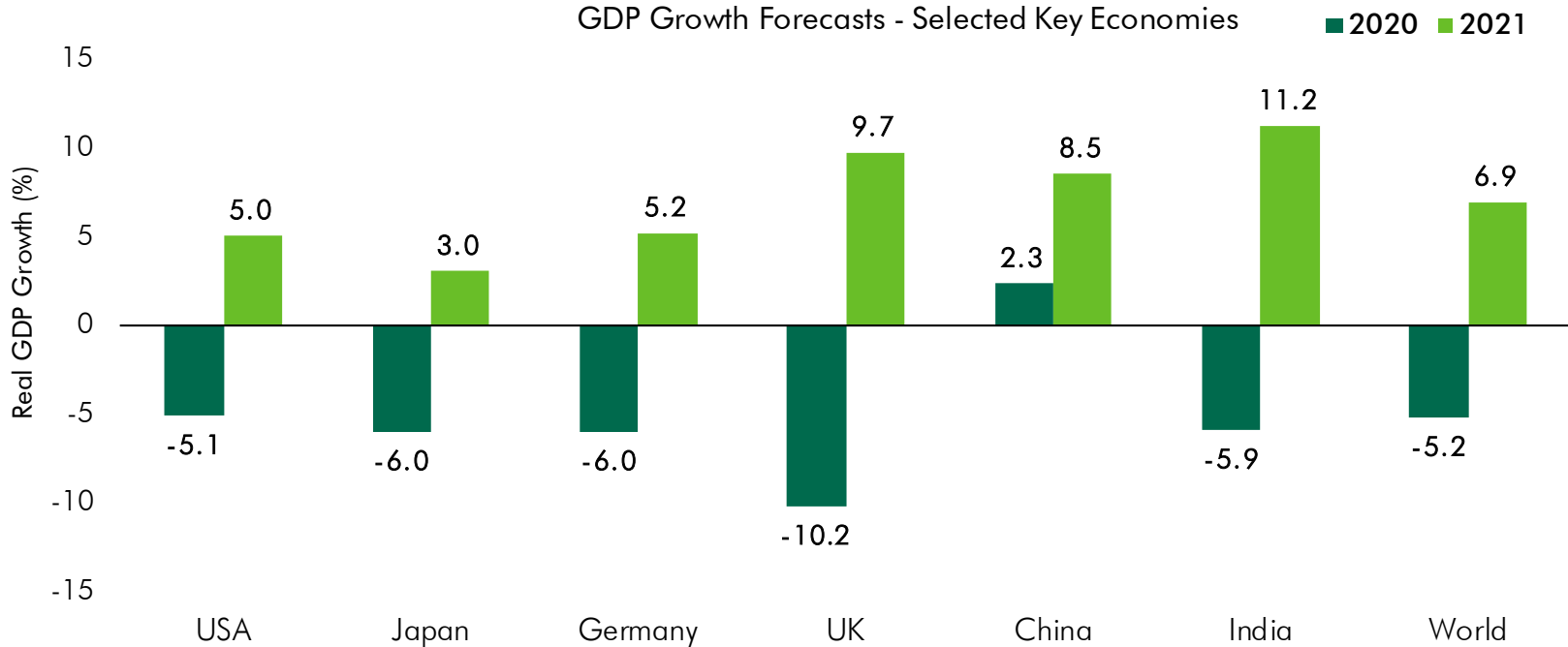
EMAIL: DAVID.FERGUSON@CBRE.COM





ECONOMIC OUTLOOKS

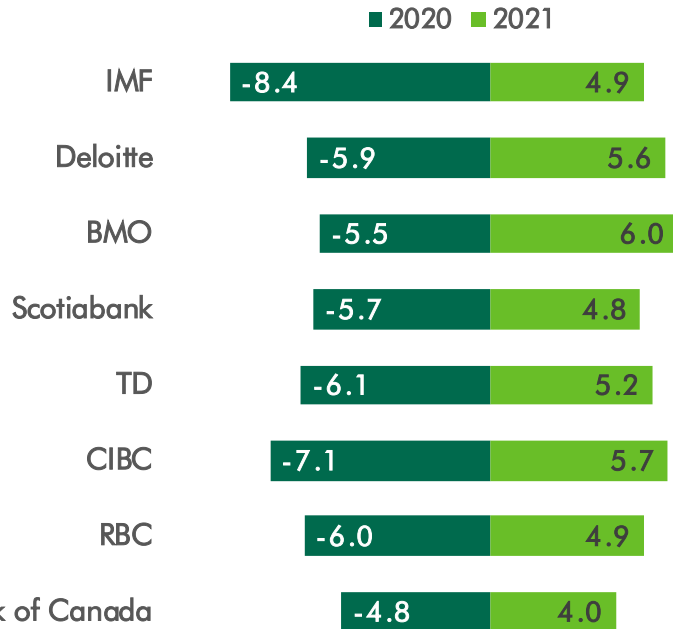
CBRE GLOBAL ECONOMIC OUTLOOK



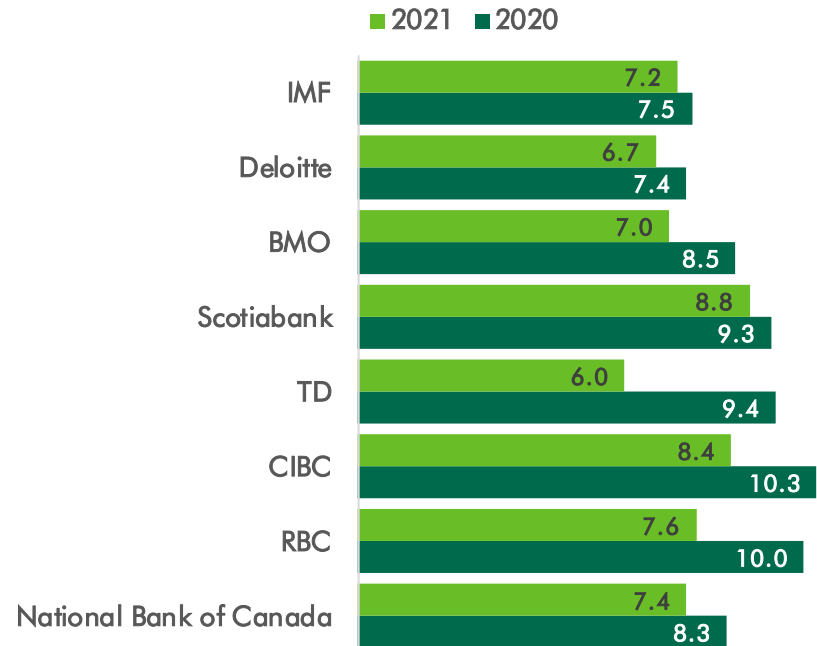
Source: CBRE Global Real Estate Market Outlook, July 2020.

CANADIAN ECONOMIC OUTLOOKS

GDP Forecast (% Change)



Unemployment Forecast (%)



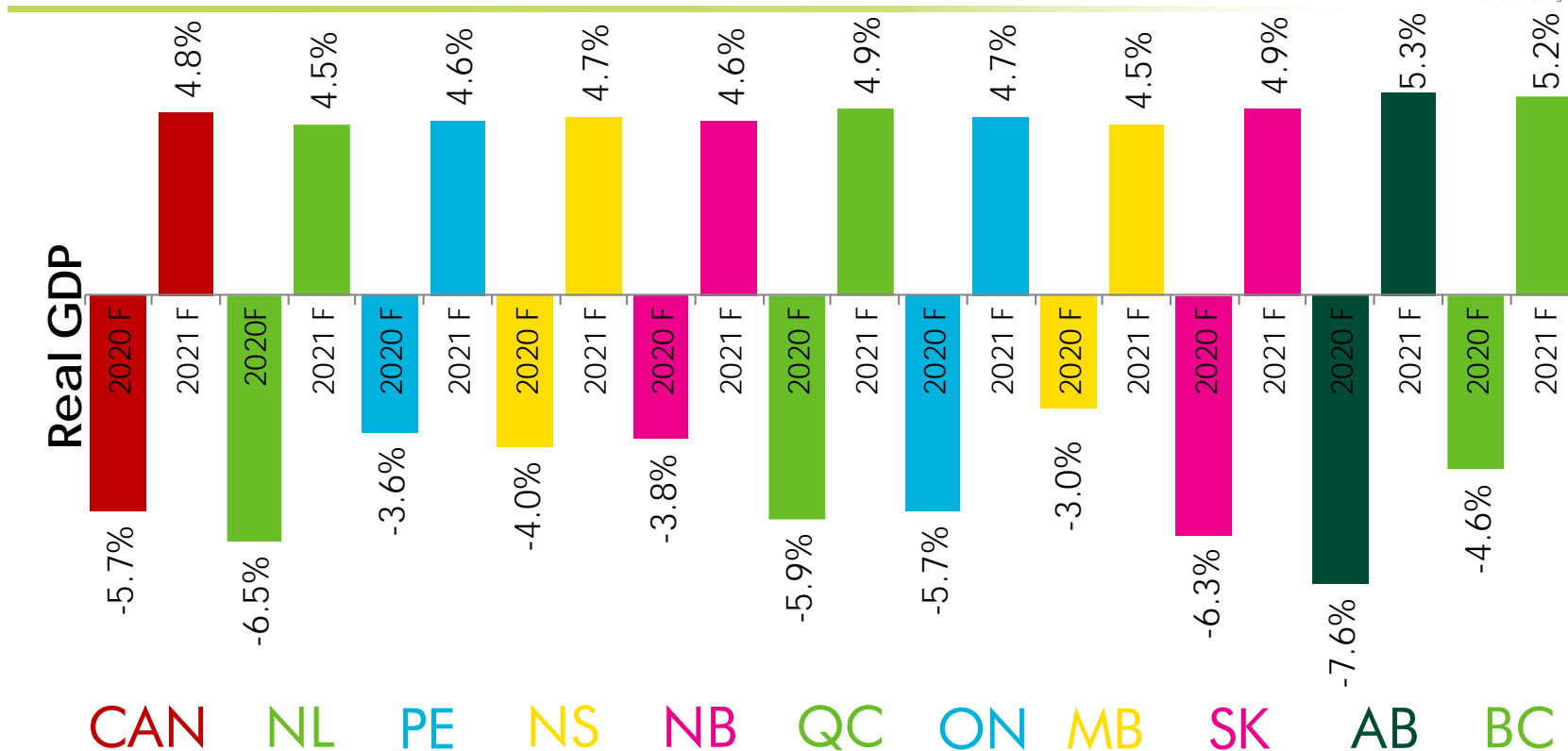
Compiled by CBRE Hotels, July or August 2020 Forecasts

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>

2020-2021 REAL GDP FORECAST BY PROVINCE

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Source: Scotiabank Group, Global Forecast Update, September 3, 2020

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CURRENT MARKET PERFORMANCE - NATIONAL

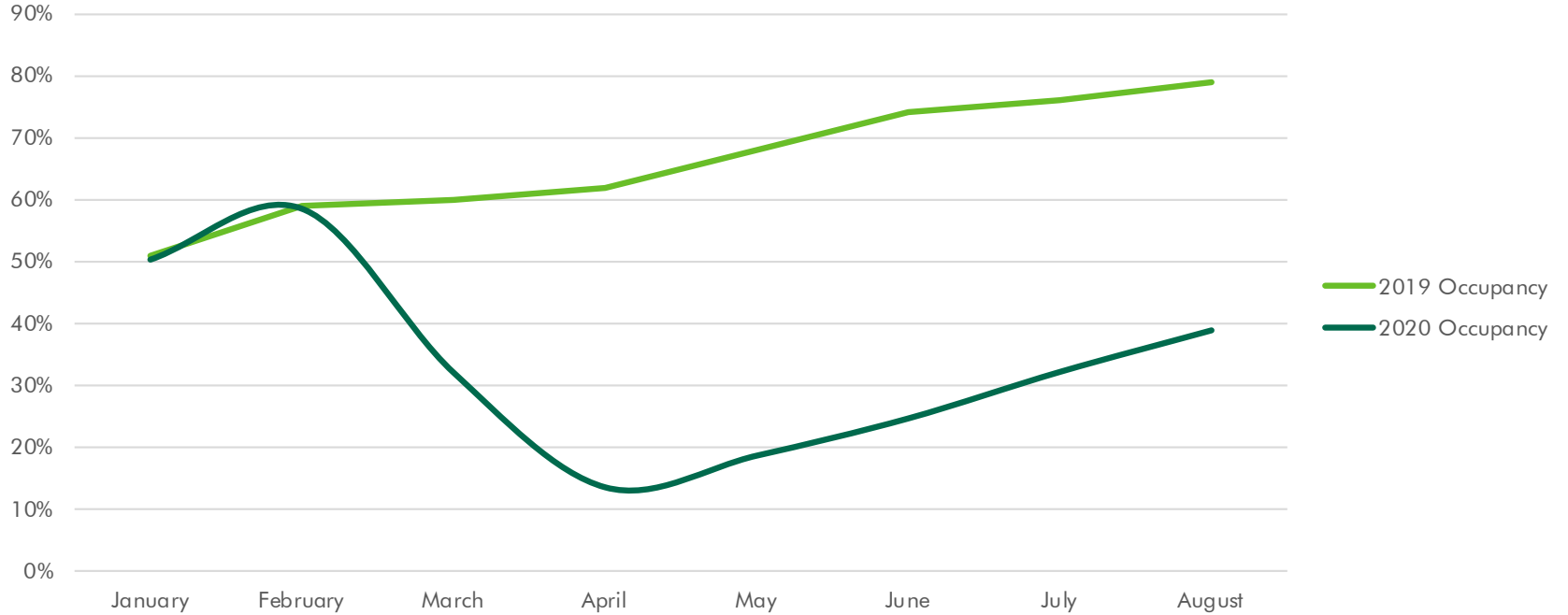
NATIONAL PERFORMANCE

2019	Q1	Q2	July	August
Occupancy	57%	68%	76%	79%
ADR	\$148	\$166	\$180	\$181
RevPAR	\$84	\$113	\$137	\$142
2020	Q1	Q2	July	August (est.)
Occupancy	47%	19%	34%	42%
ADR	\$147	\$106	\$128	\$134
RevPAR	\$69	\$20	\$43	\$56
YoY Change	Q1	Q2	July	August (est.)
Occupancy	-10pts	-49pts	-42pts	-37pts
ADR	-1%	-36%	-29%	-26%
RevPAR	-18%	-82%	-68%	-61%

Source: CBRE Hotels

COVID-19 IMPACT – WEEKLY PERFORMANCE

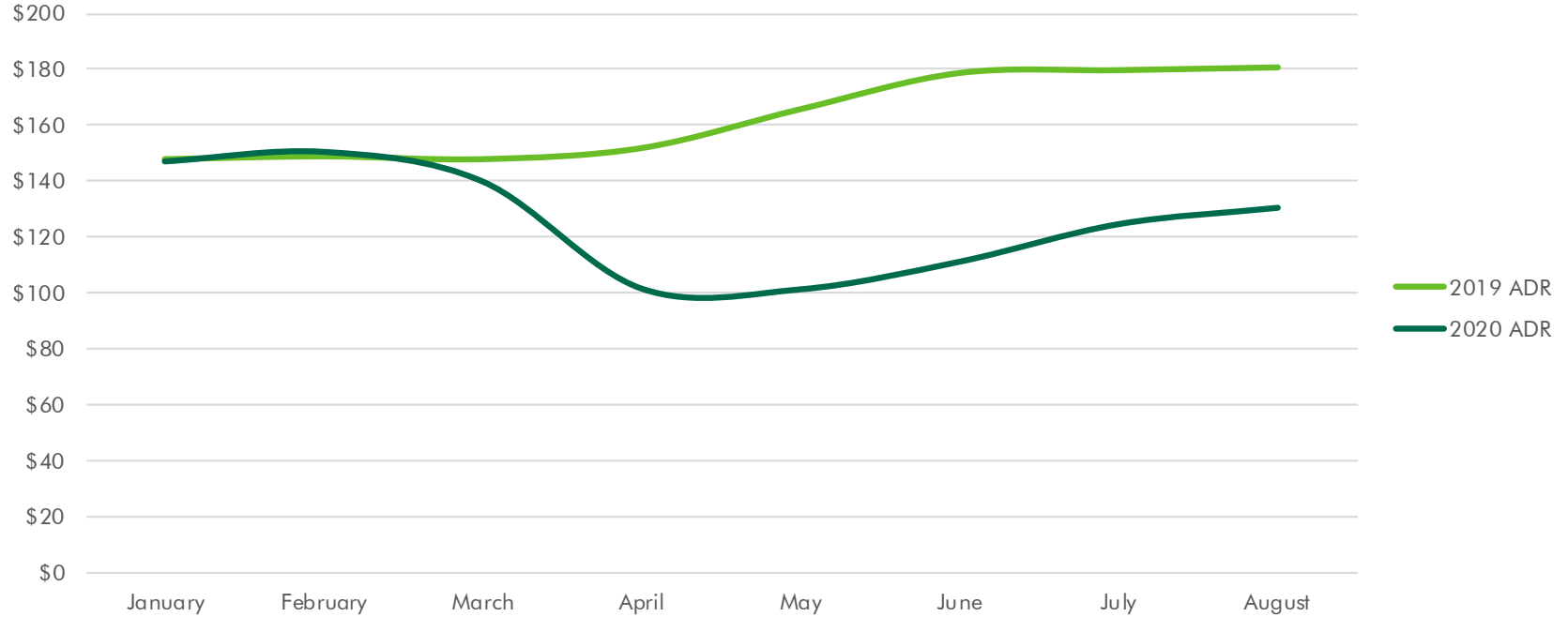
NATIONAL - COVID-19 Occupancy Impact



Source: CBRE Hotels

COVID-19 IMPACT – WEEKLY PERFORMANCE

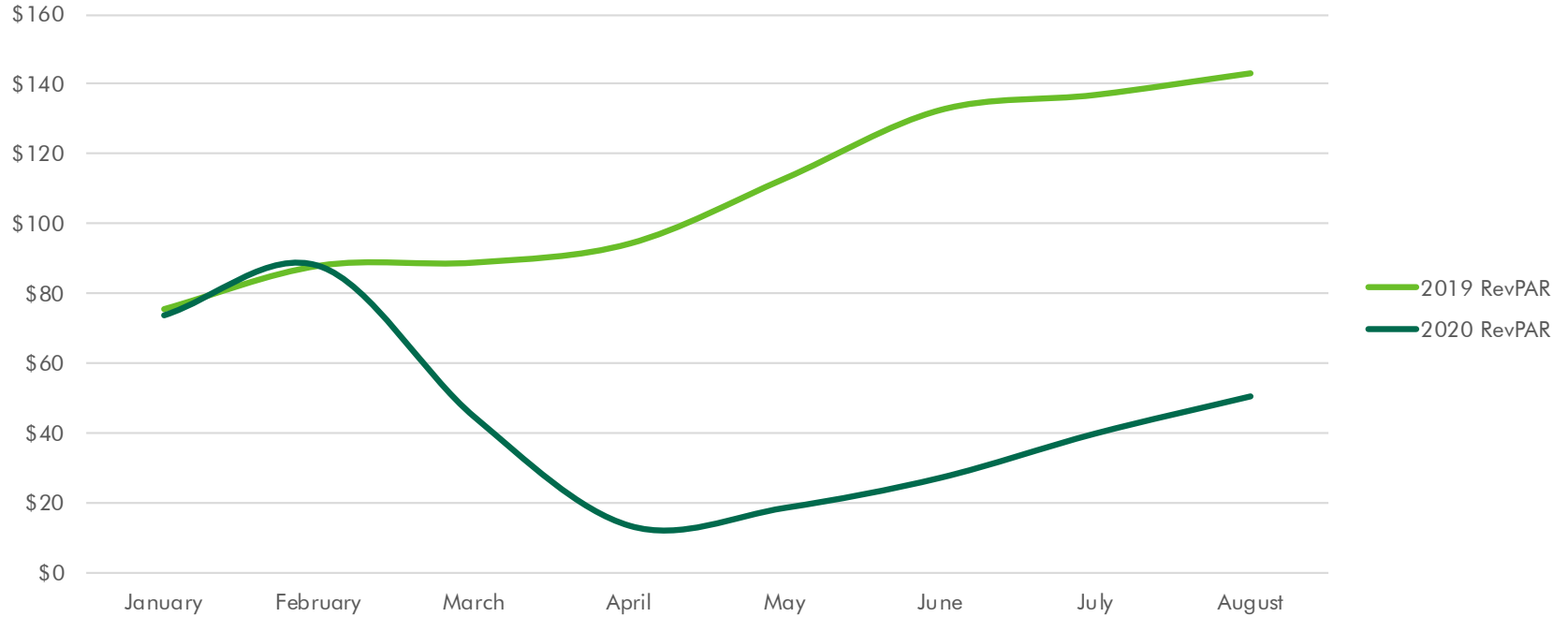
NATIONAL - COVID-19 ADR Impact



Source: CBRE Hotels

COVID-19 IMPACT – WEEKLY PERFORMANCE

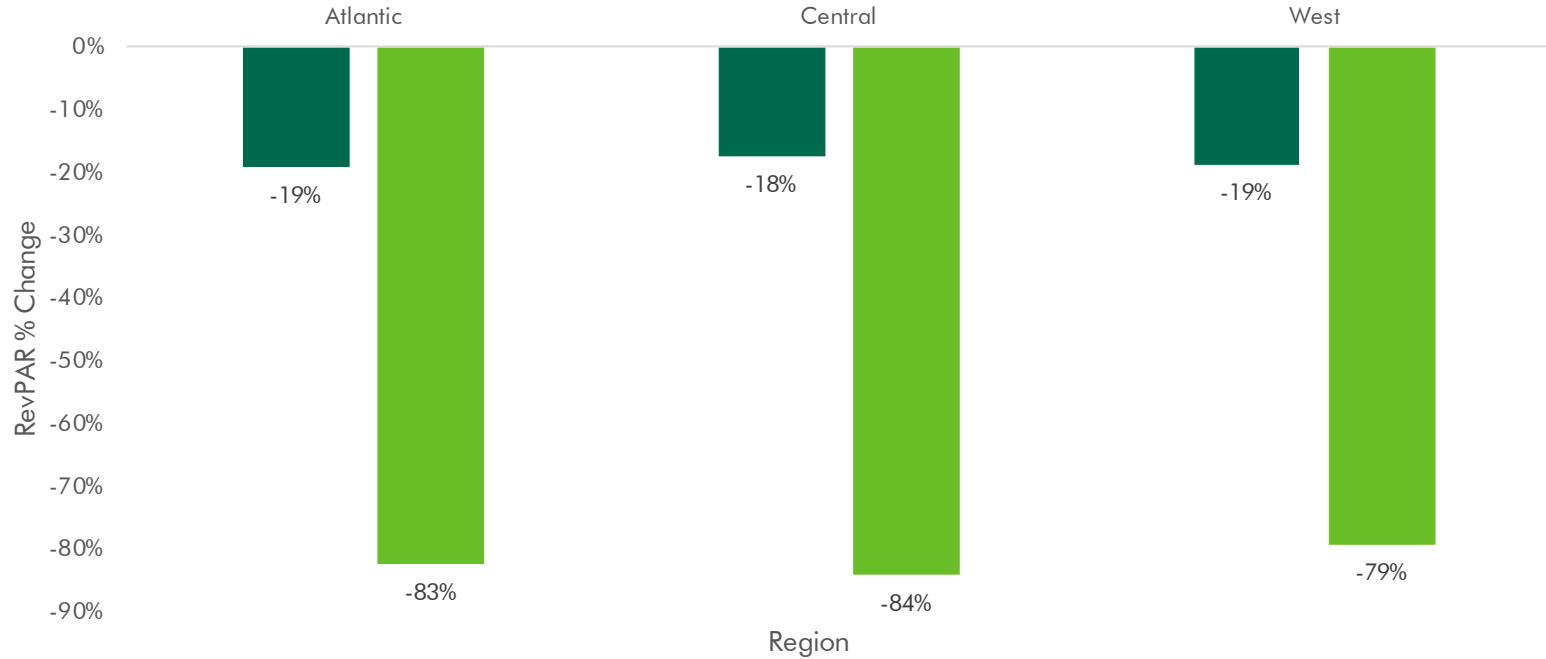
NATIONAL - COVID-19 Occupancy Impact



Source: CBRE Hotels

REGIONAL REVPAR PERFORMANCE

RevPAR Decline by Region, Q1 & Q2 2020

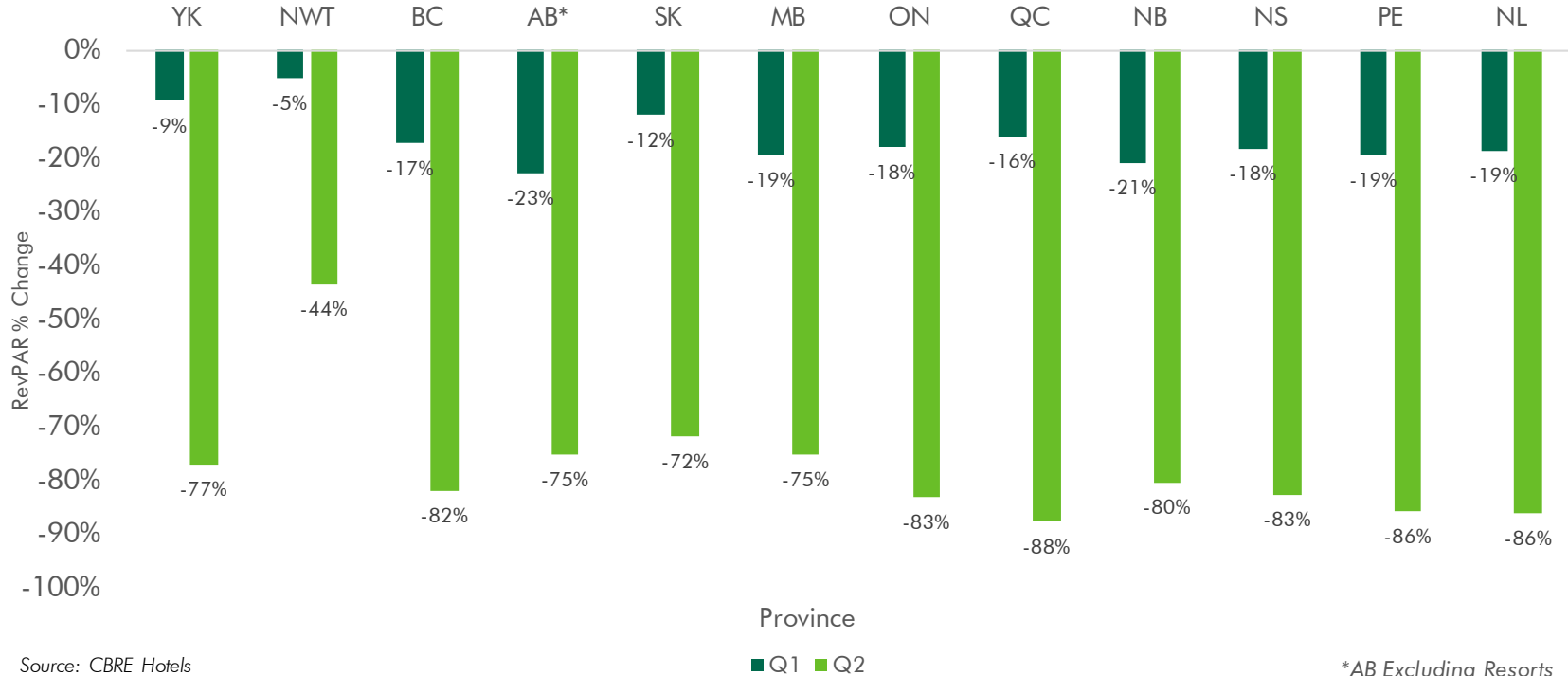


Source: CBRE Hotels

■ Q1 ■ Q2

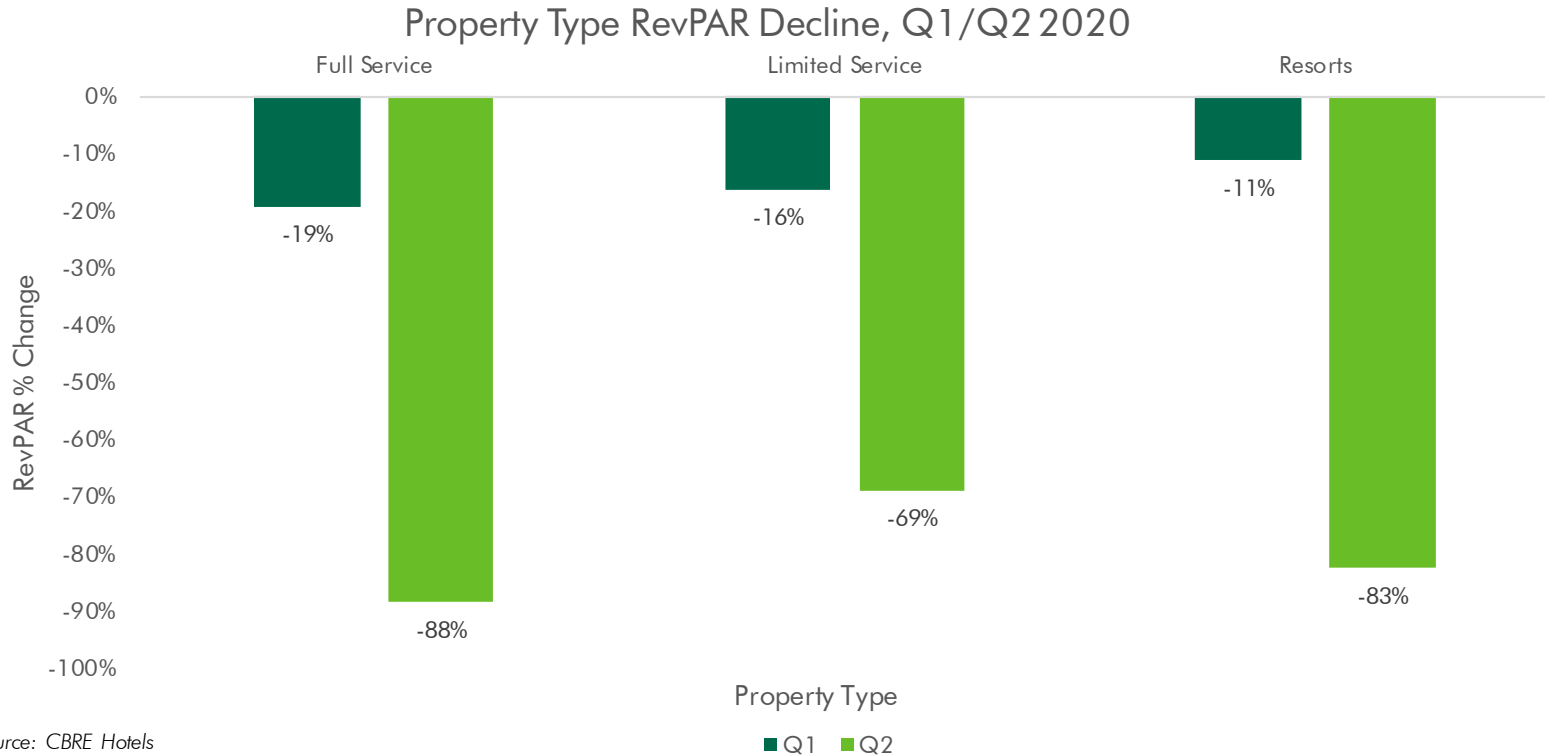
PROVINCIAL REVPAR PERFORMANCE

RevPAR Decline by Province, Q1 & Q2 2020



Source: CBRE Hotels

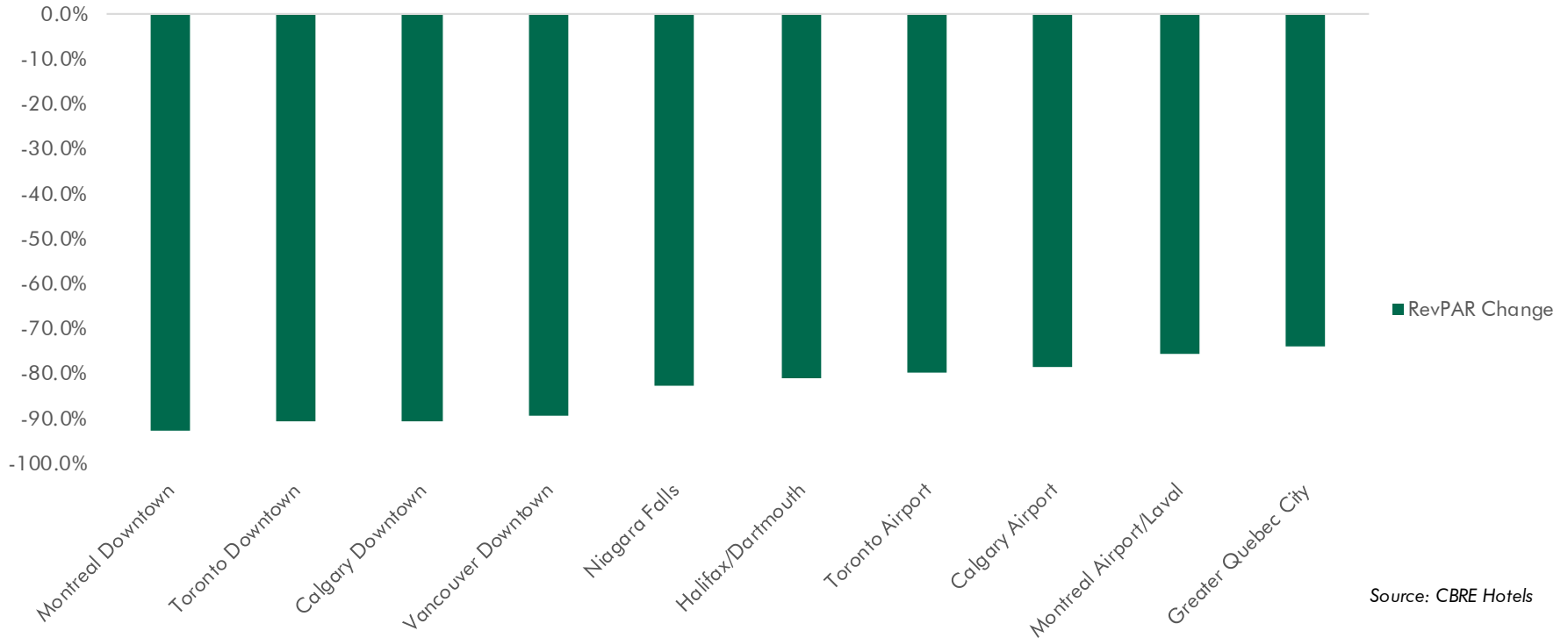
PROPERTY TYPE REVPAR PERFORMANCE



Source: CBRE Hotels

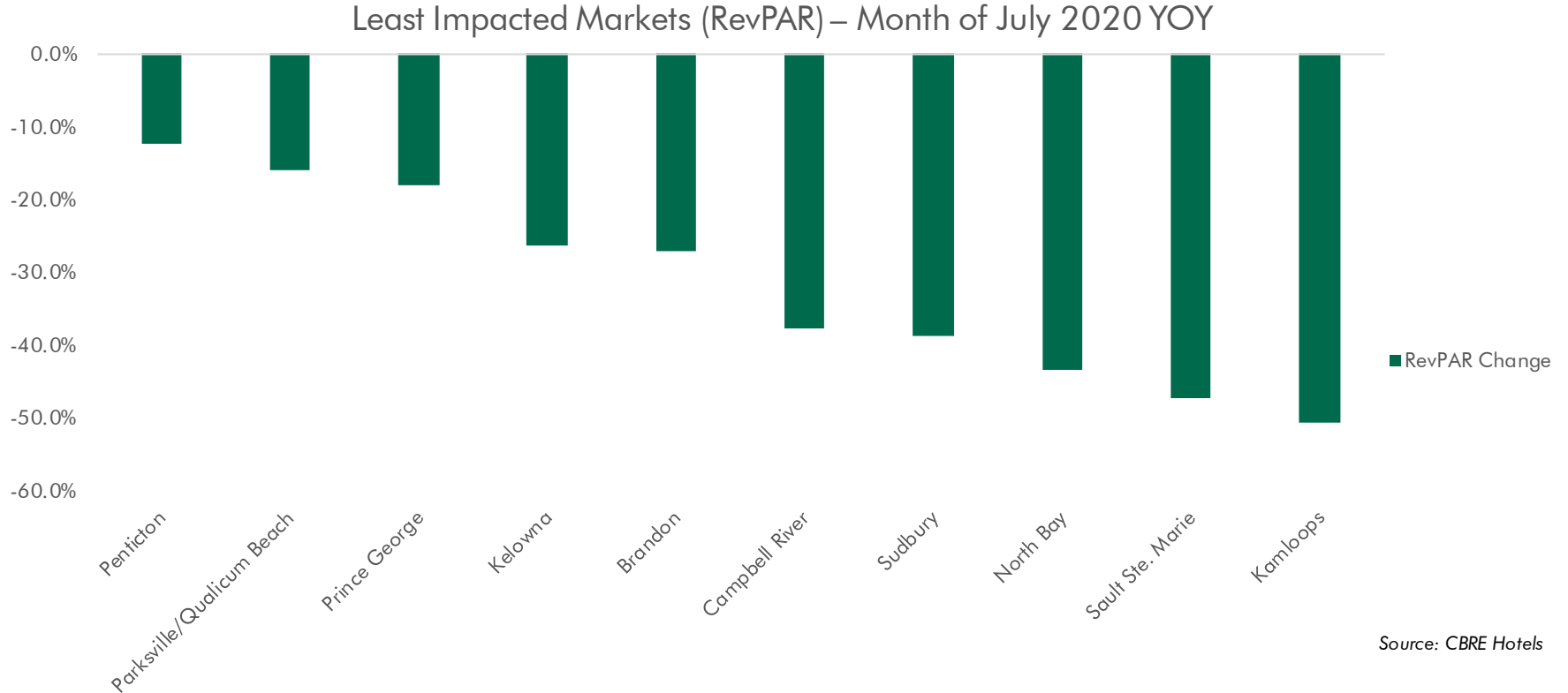
MOST IMPACTED MARKETS BY REVPAR

Most Impacted Markets (RevPar) - Month of July 2020 YOY



Source: CBRE Hotels

LEAST IMPACTED MARKETS BY REVPAR



Source: CBRE Hotels



CURRENT MARKET PERFORMANCE - ALBERTA

ALBERTA PERFORMANCE*

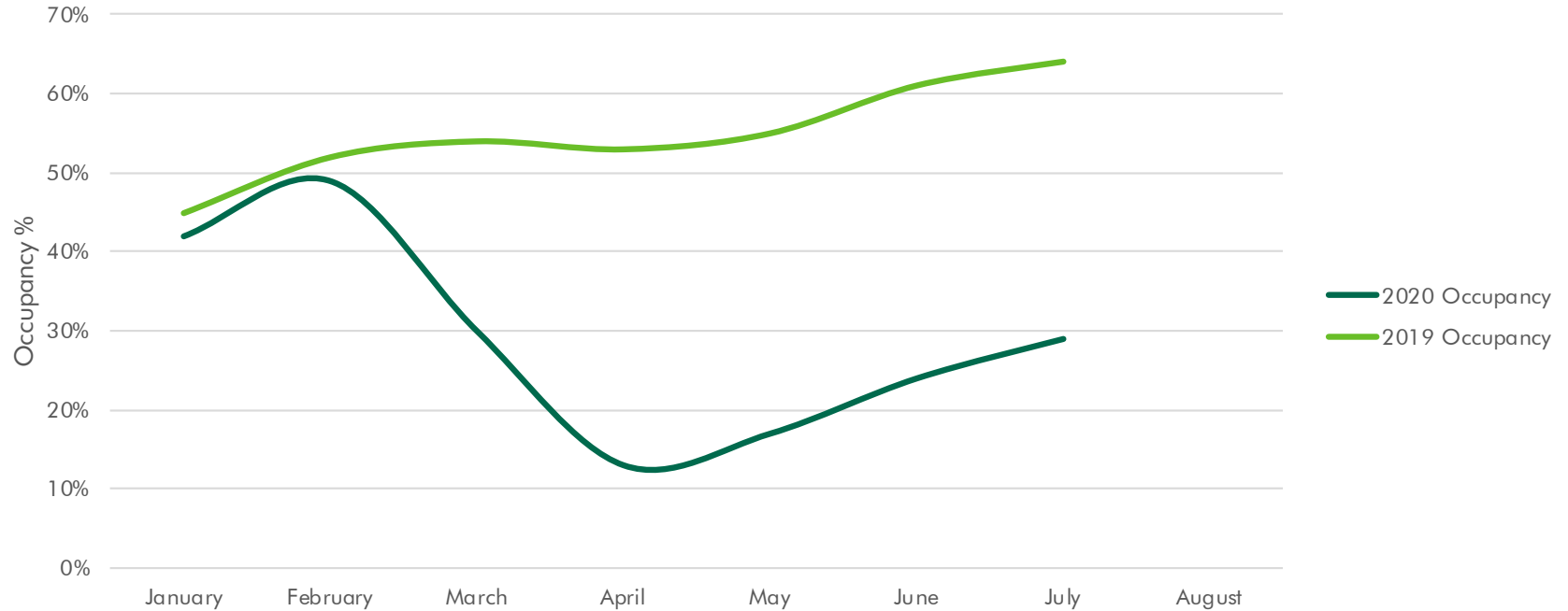
2019	Q1	Q2	July (Month)	August (Month)
Occupancy	50%	56%	64%	62%
ADR	\$126	\$129	\$143	\$128
RevPAR	\$63	\$73	\$91	\$80
2020	Q1	Q2	July	August (est.)
Occupancy	40%	18%	29%	35%
ADR	\$122	\$101	\$107	\$113
RevPAR	\$49	\$18	\$31	\$39
YoY Change	Q1	Q2	July	August (est.)
Occupancy	-10.1 pts	-38.5pts	-35pts	-27pts
ADR	-3.2%	-22.1%	-25%	-12%
RevPAR	-22.7%	-75.3%	-66%	-52%

Source: CBRE Hotels

* Excludes Alberta Resorts

COVID-19 IMPACT – ALBERTA MONTHLY PERFORMANCE

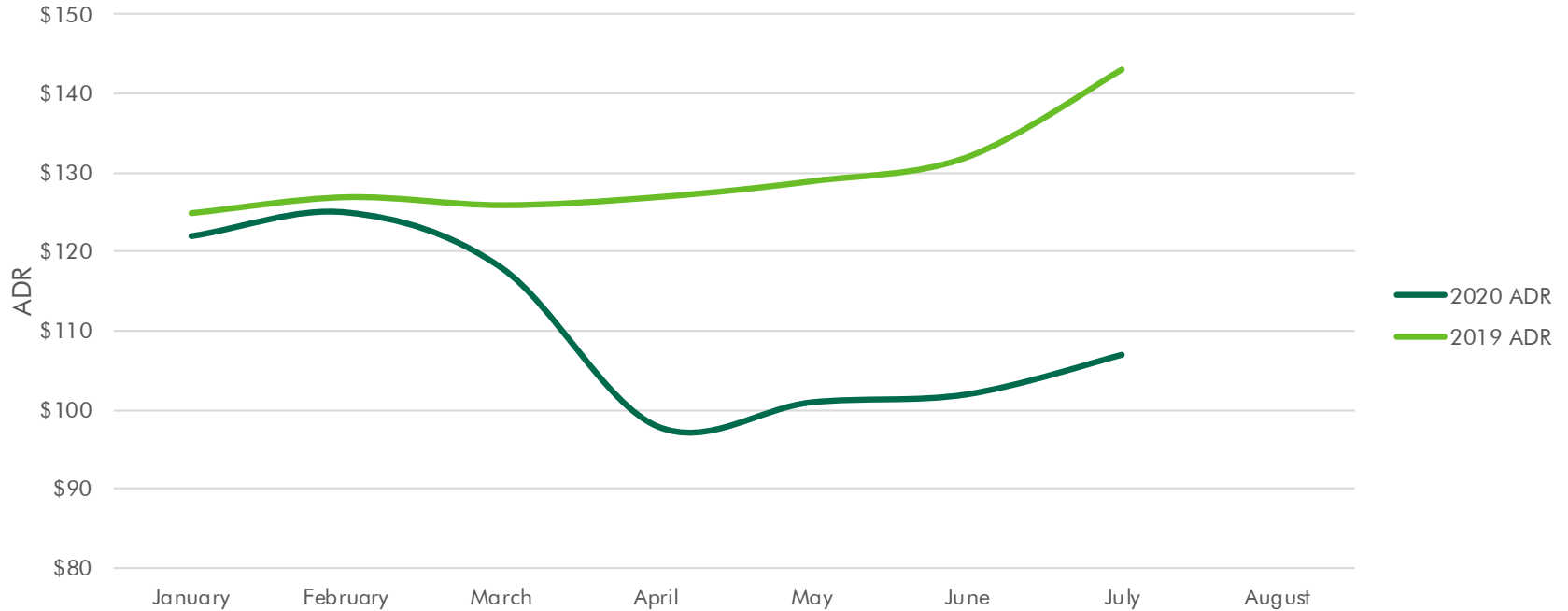
ALBERTA - COVID 19 ACCOMMODATION INDUSTRY OCCUPANCY IMPACT



Source: CBRE Hotels

COVID-19 IMPACT – ALBERTA MONTHLY PERFORMANCE

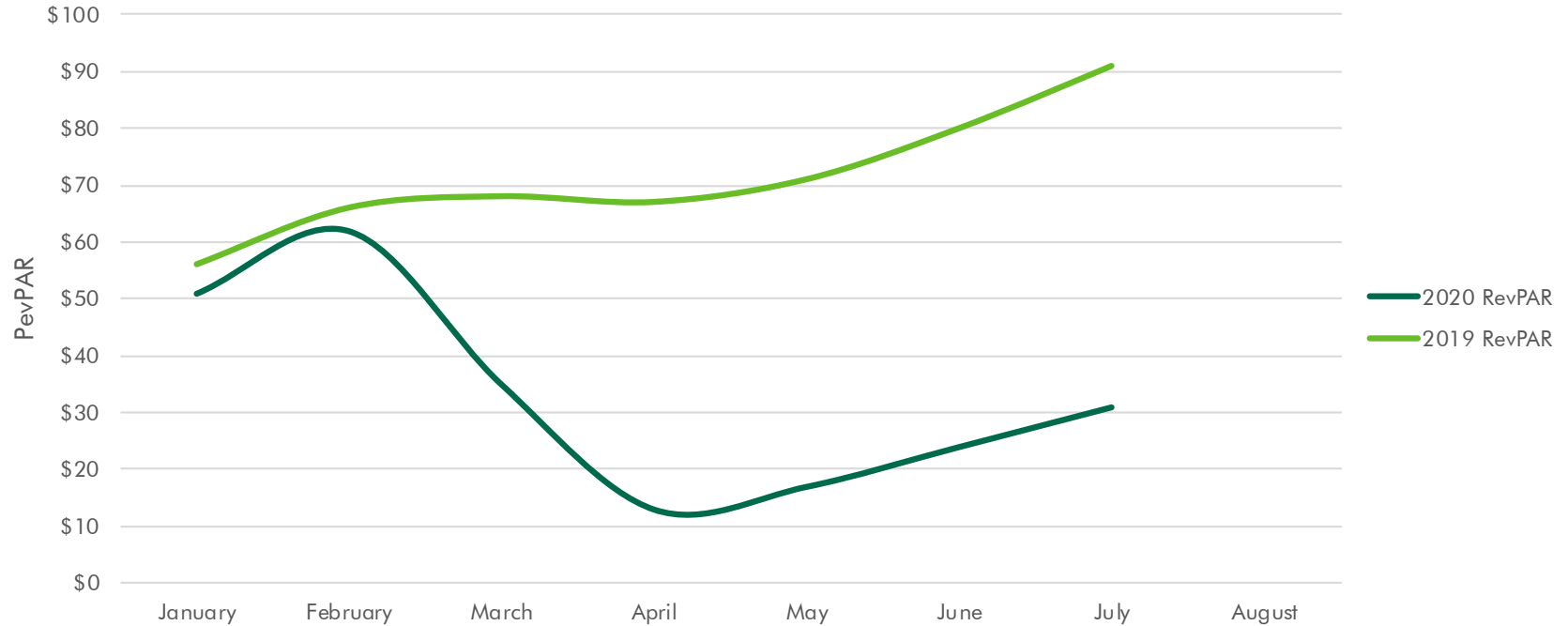
ALBERTA - COVID 19 ACCOMMODATION INDUSTRY ADR IMPACT



Source: CBRE Hotels

COVID-19 IMPACT – ALBERTA MONTHLY PERFORMANCE

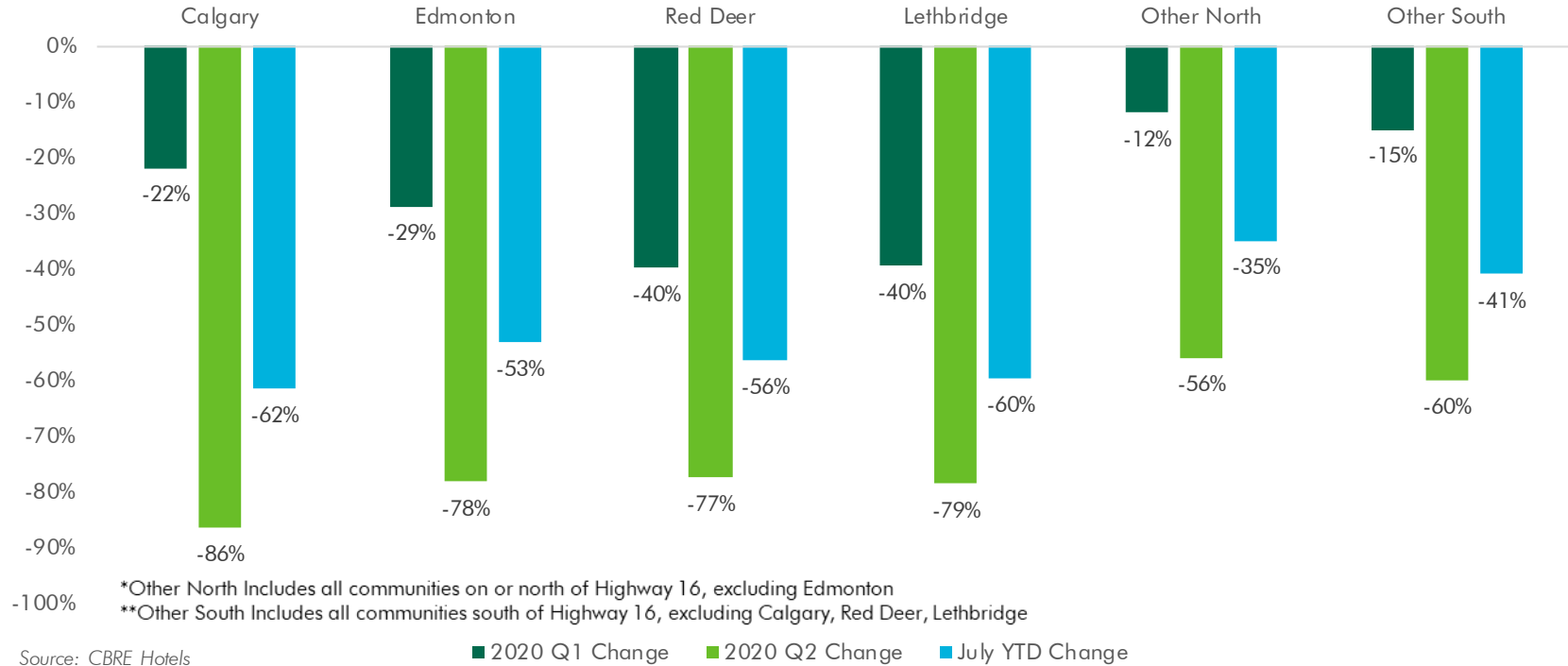
ALBERTA - COVID 19 ACCOMMODATION INDUSTRY REVPAR IMPACT



Source: CBRE Hotels

ALBERTA SUBMARKET REVPAR PERFORMANCE

Year over Year RevPAR Decline by Submarket, Q1, Q2 and YTD July 2020



ALBERTA RESORTS PERFORMANCE

2019	Q1	Q2	July (Month)
Occupancy	55%	68%	93%
ADR	\$211	\$293	\$228
RevPAR	\$115	\$198	\$191
2020	Q1	Q2	July
Occupancy	46%	19%	44%
ADR	\$240	\$177	\$149
RevPAR	\$110	\$34	\$66
YoY Change	Q1	Q2	July
Occupancy	-9pts	-49pts	-40pts
ADR	+14%	-40%	-35%
RevPAR	-5%	-83%	-66%

Source: CBRE Hotels

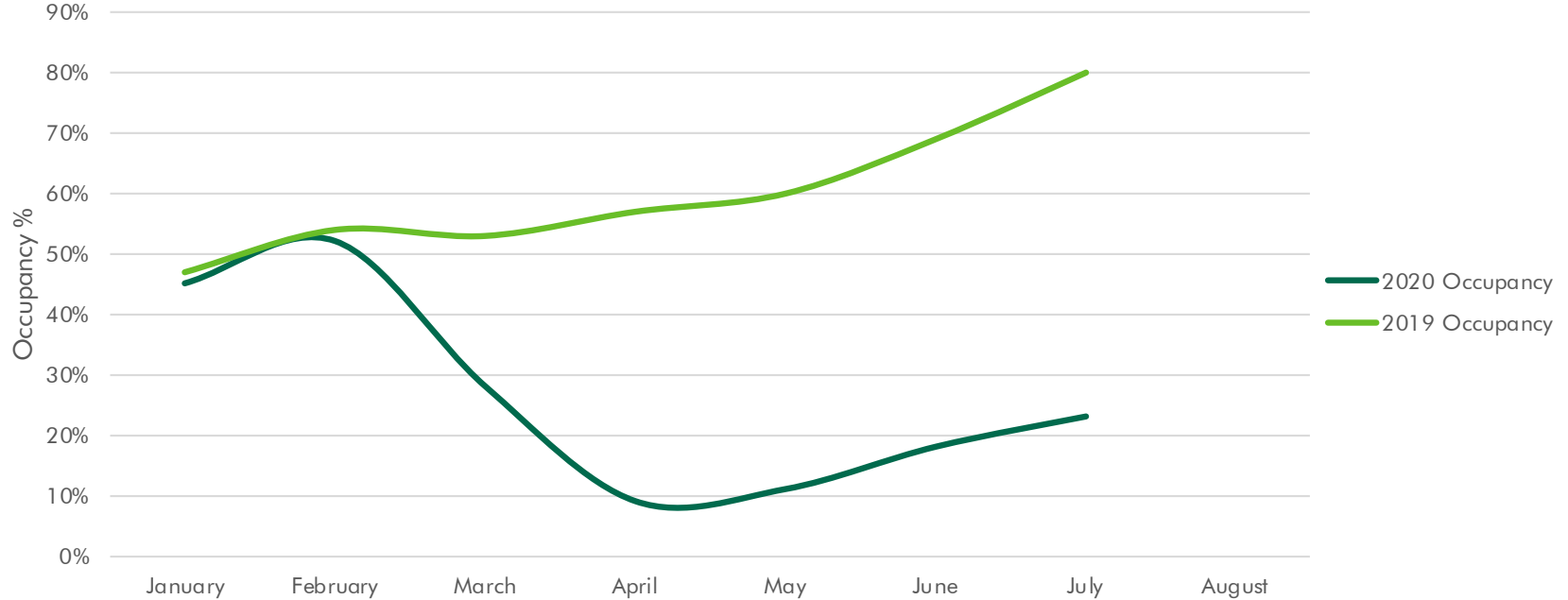
CALGARY PERFORMANCE

2019	Q1	Q2	July (Month)	August (Month)
Occupancy	51%	62%	80%	76%
ADR	\$136	\$145	\$177	\$140
RevPAR	\$70	\$90.00	\$142	\$106
2020	Q1	Q2	July	August (est.)
Occupancy	41%	13%	23%	28%
ADR	\$132	\$95	\$104	\$104
RevPAR	\$54	\$12	\$24	\$29
YoY Change	Q1	Q2	July	August (est.)
Occupancy	-10.0pts	-49.3pts	-57pts	-48 pts
ADR	-3.0%	-34.6%	-41%	-25%
RevPAR	-21.9%	-86.5%	-83%	-73%

Source: CBRE Hotels

COVID-19 IMPACT – CALGARY MONTHLY PERFORMANCE

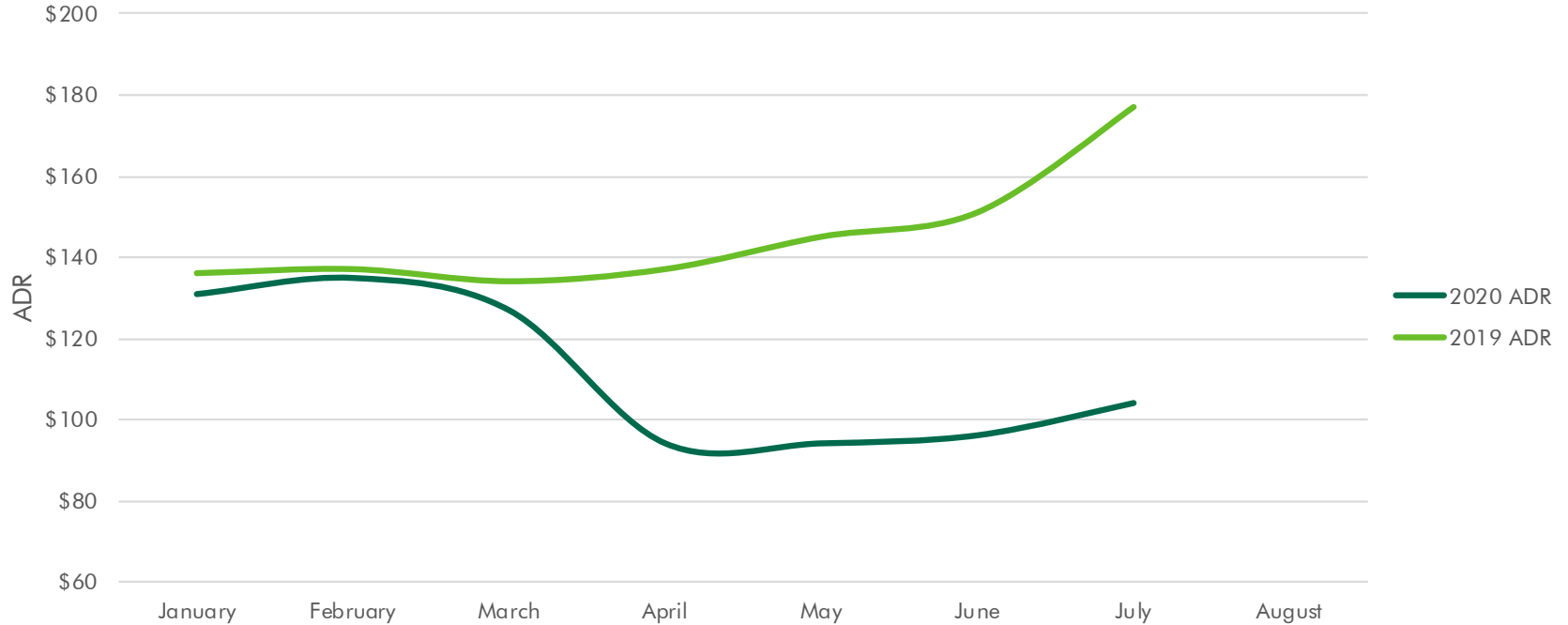
CALGARY - COVID 19 ACCOMMODATION INDUSTRY OCCUPANCY IMPACT



Source: CBRE Hotels

COVID-19 IMPACT – CALGARY MONTHLY PERFORMANCE

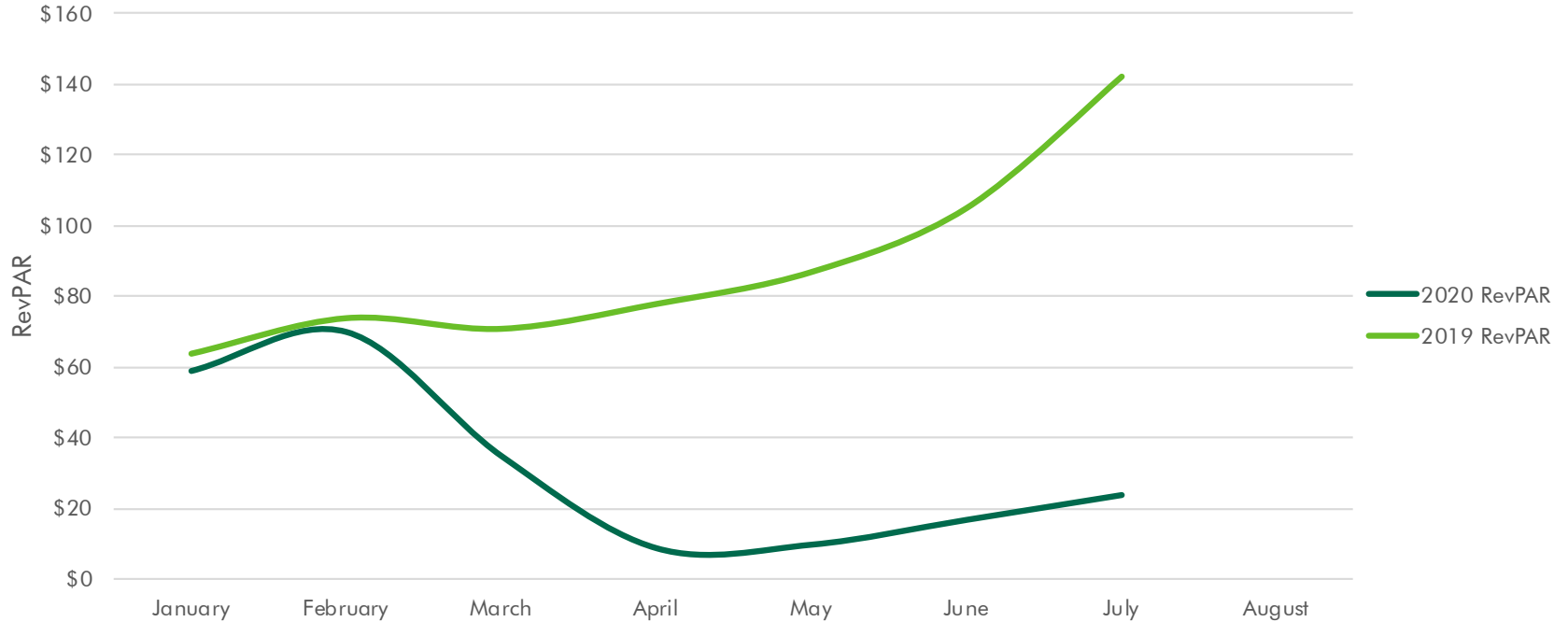
CALGARY - COVID 19 ACCOMMODATION INDUSTRY ADR IMPACT



Source: CBRE Hotels

COVID-19 IMPACT – CALGARY MONTHLY PERFORMANCE

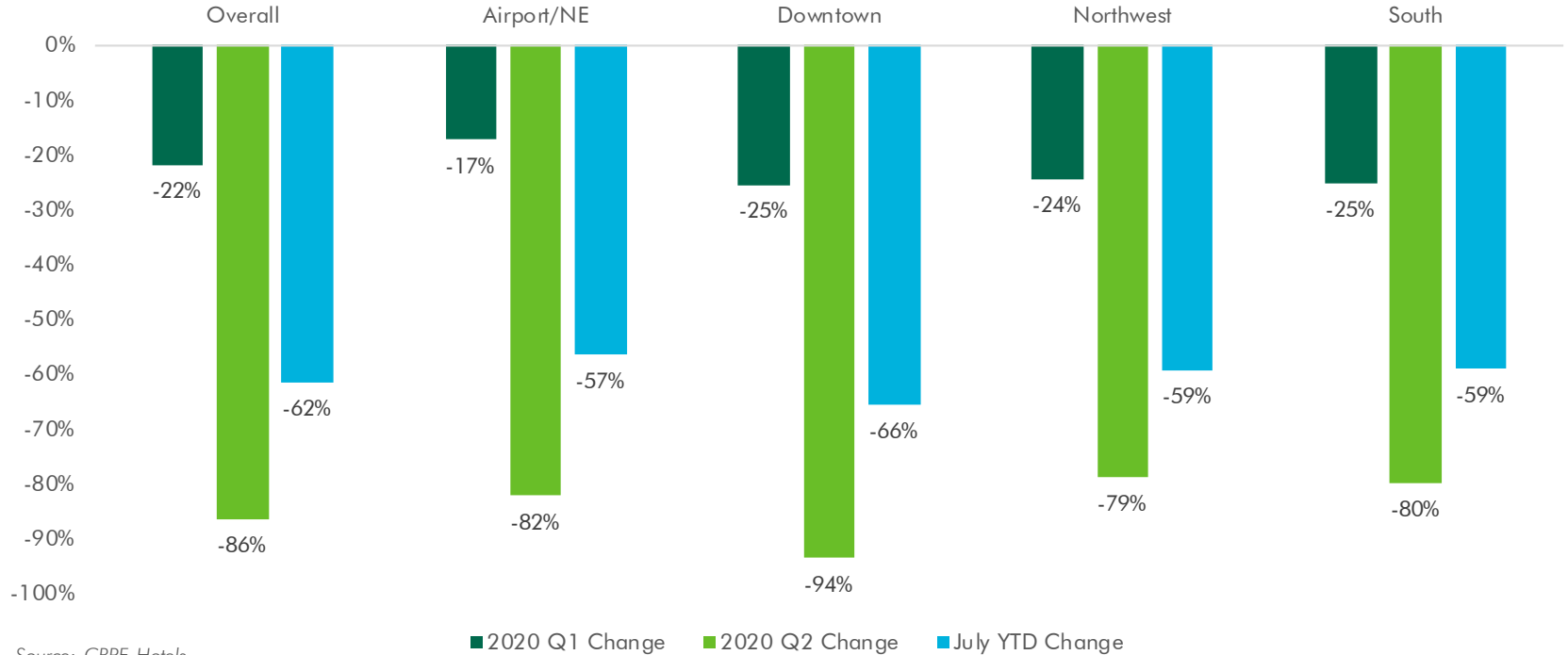
CALGARY - COVID 19 ACCOMMODATION INDUSTRY REVPAR IMPACT



Source: CBRE Hotels

CALGARY REVPAR PERFORMANCE

Year over Year RevPAR Decline by Submarket, Q1, Q2 and YTD July 2020



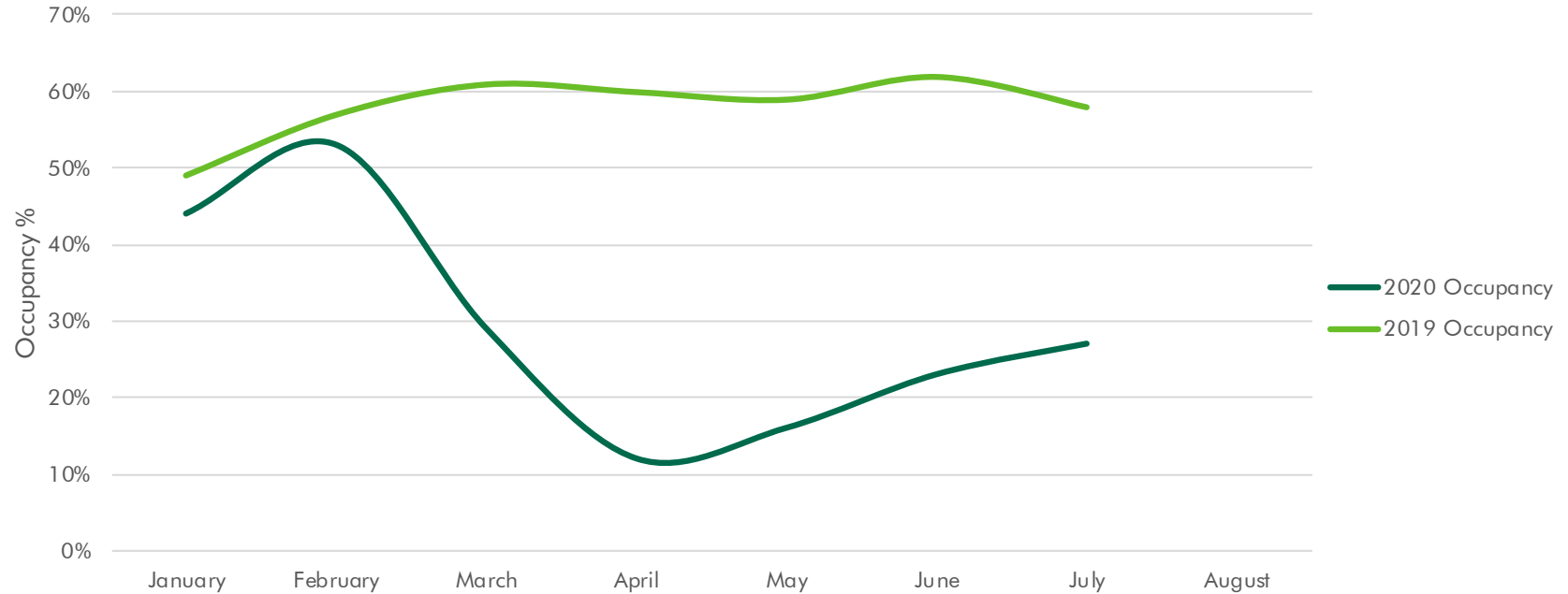
EDMONTON PERFORMANCE

2019	Q1	Q2	July (Month)	August (Month)
Occupancy	56%	60%	58%	56%
ADR	\$129	\$127	\$122	\$122
RevPAR	\$72	\$77	\$71	\$68
2020	Q1	Q2	July	August (Est.)
Occupancy	42%	17%	27%	32%
ADR	\$123	\$99	\$110	\$110
RevPAR	\$51	\$17	\$29	\$36
YoY Change	Q1	Q2	July	August (Est.)
Occupancy	-14pts	-43pts	-32pts	-24pts
ADR	-5%	-22%	-10%	-9%
RevPAR	-29%	-78%	-59%	-48%

Source: CBRE Hotels

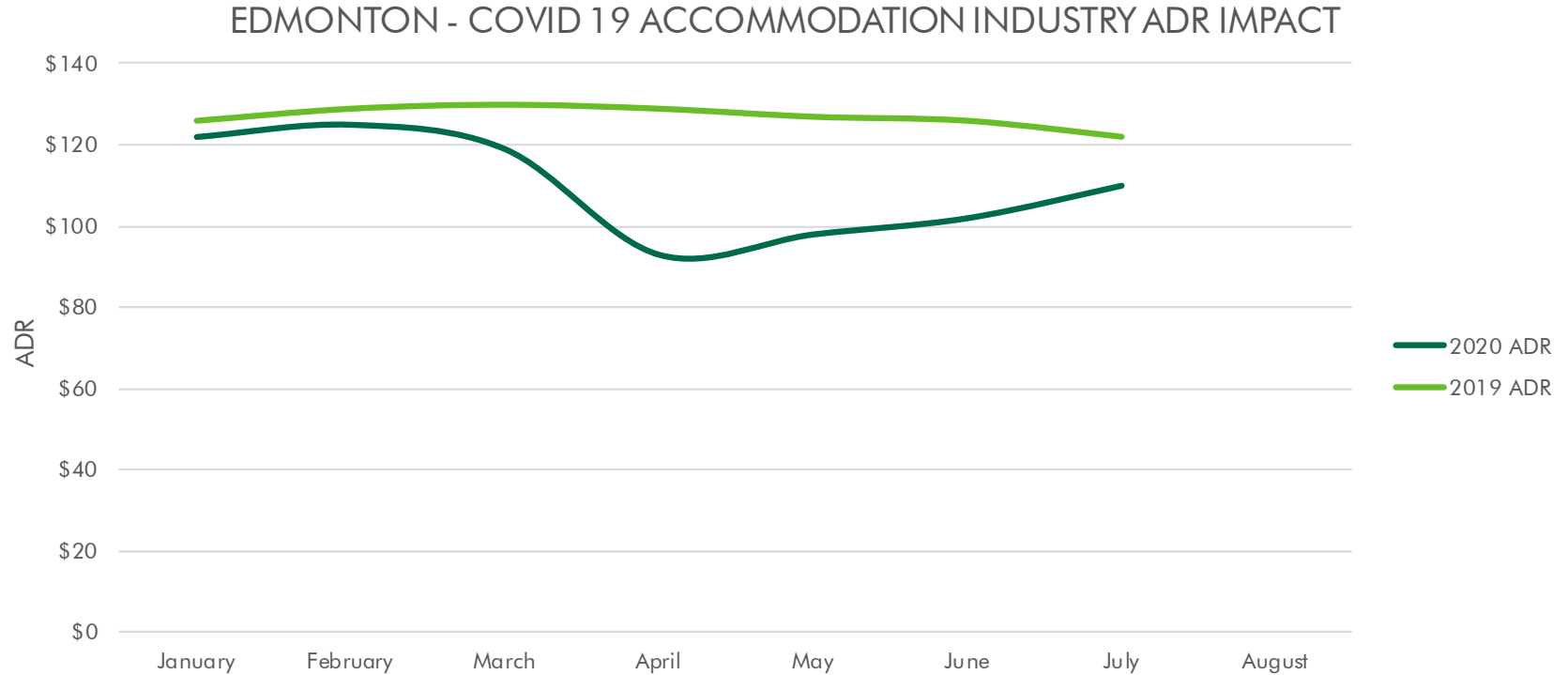
COVID-19 IMPACT – EDMONTON MONTHLY PERFORMANCE

EDMONTON - COVID 19 ACCOMMODATION INDUSTRY OCCUPANCY IMPACT



Source: CBRE Hotels

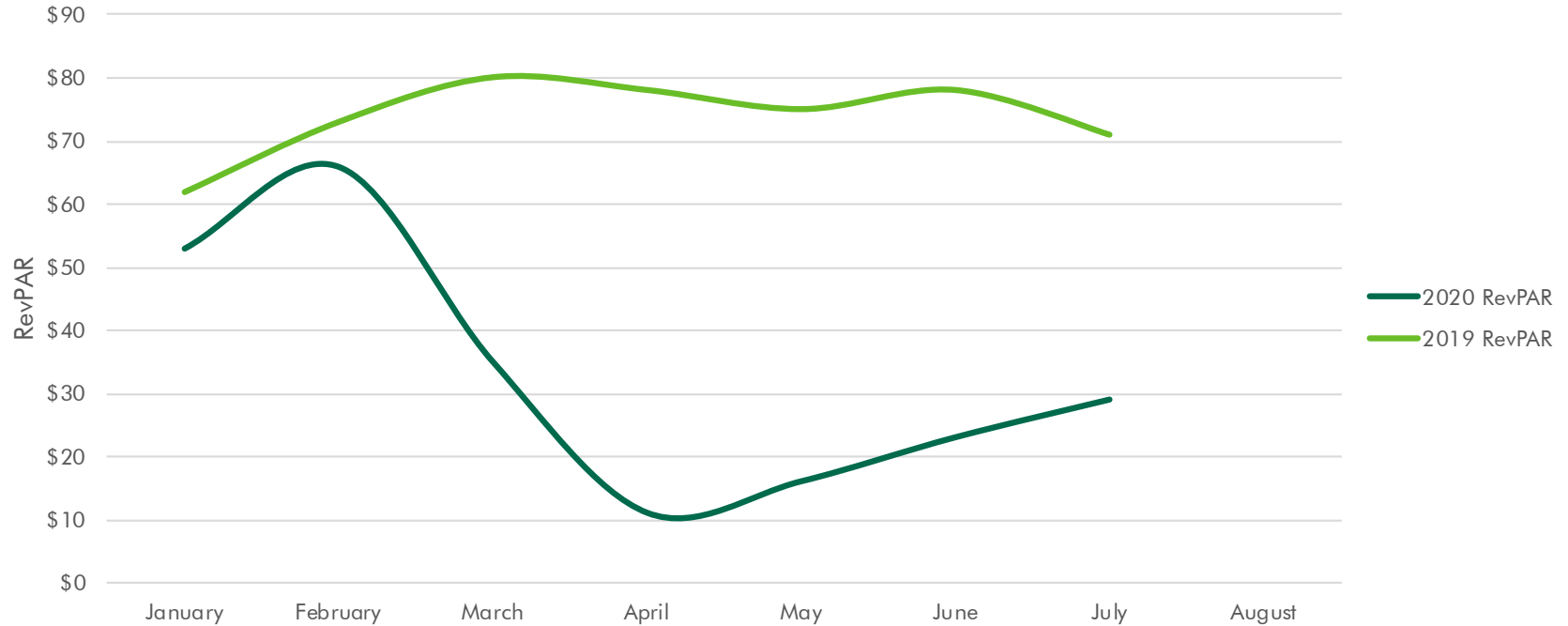
COVID-19 IMPACT – EDMONTON MONTHLY PERFORMANCE



Source: CBRE Hotels

COVID-19 IMPACT – EDMONTON MONTHLY PERFORMANCE

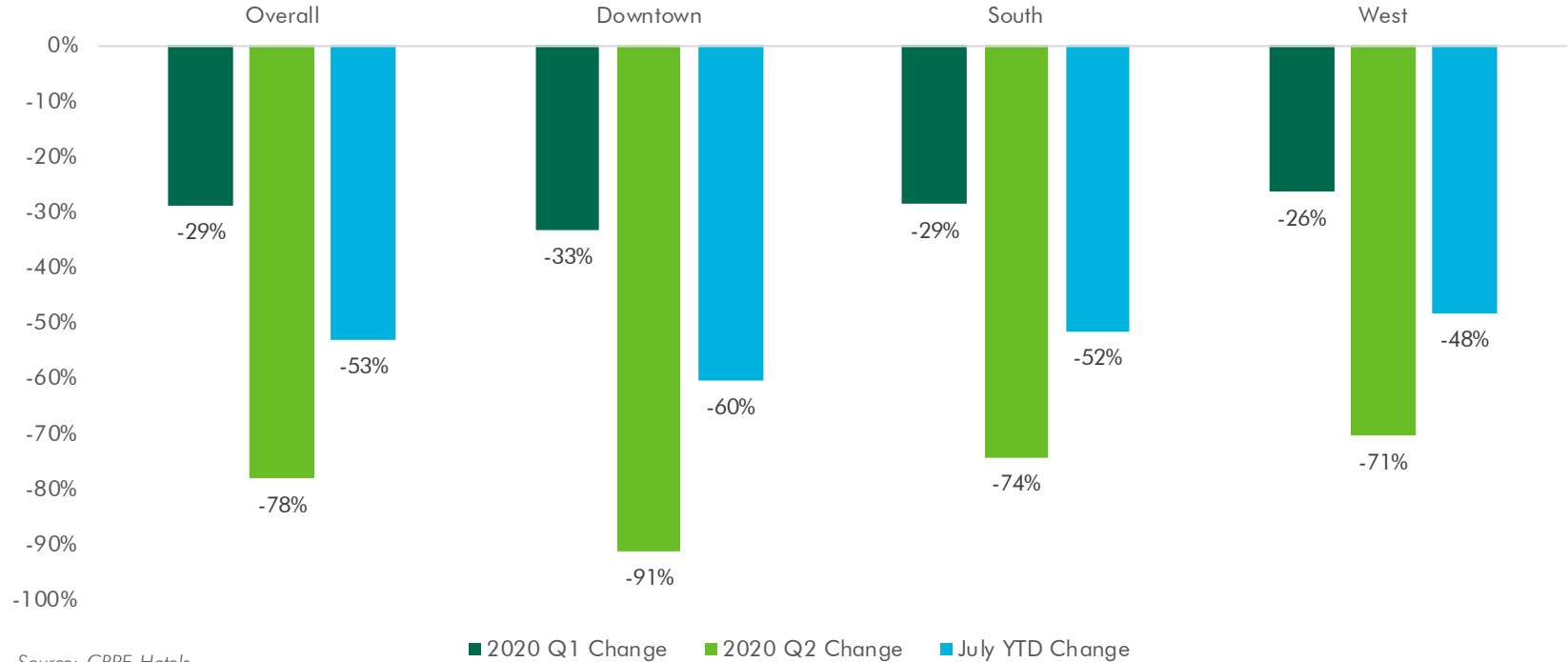
EDMONTON - COVID 19 ACCOMMODATION INDUSTRY REVPAR IMPACT



Source: CBRE Hotels

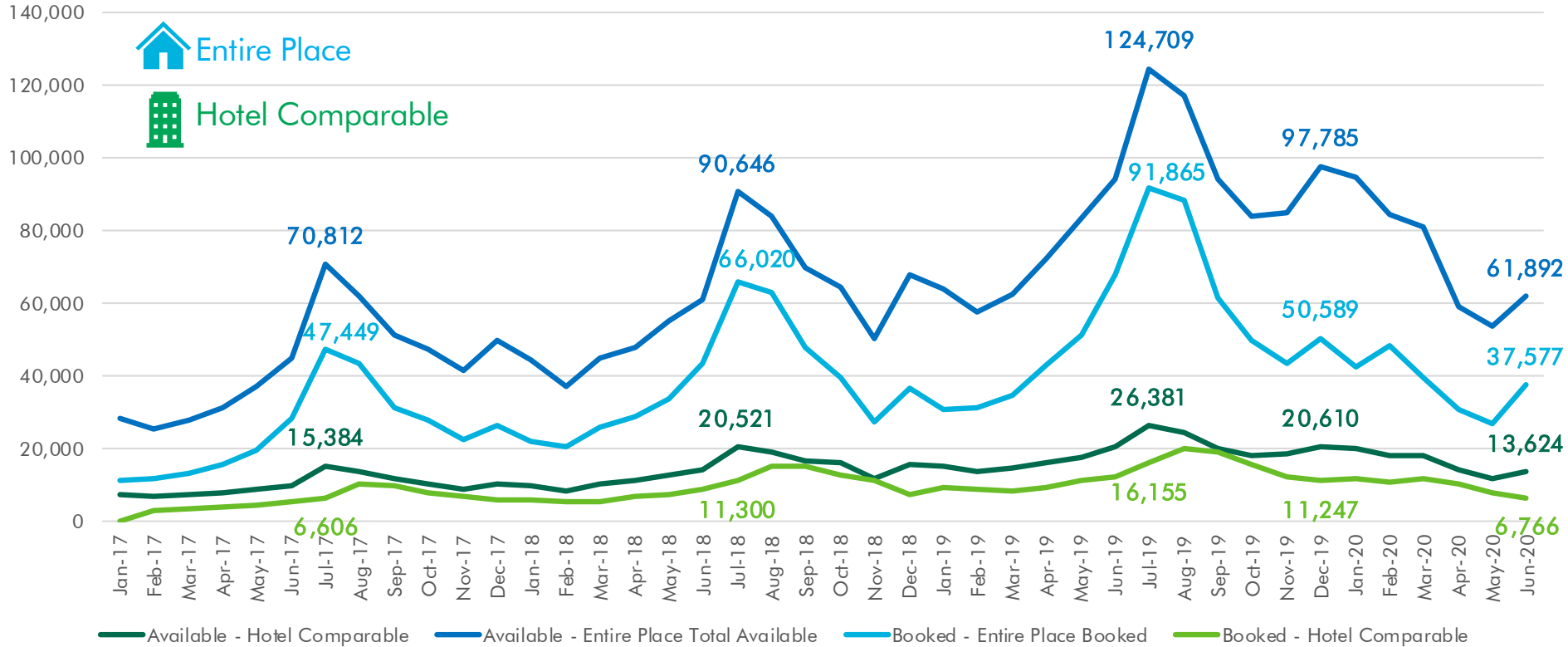
EDMONTON REVPAR PERFORMANCE

Year over Year RevPAR Decline by Submarket, Q1, Q2 and YTD July 2020



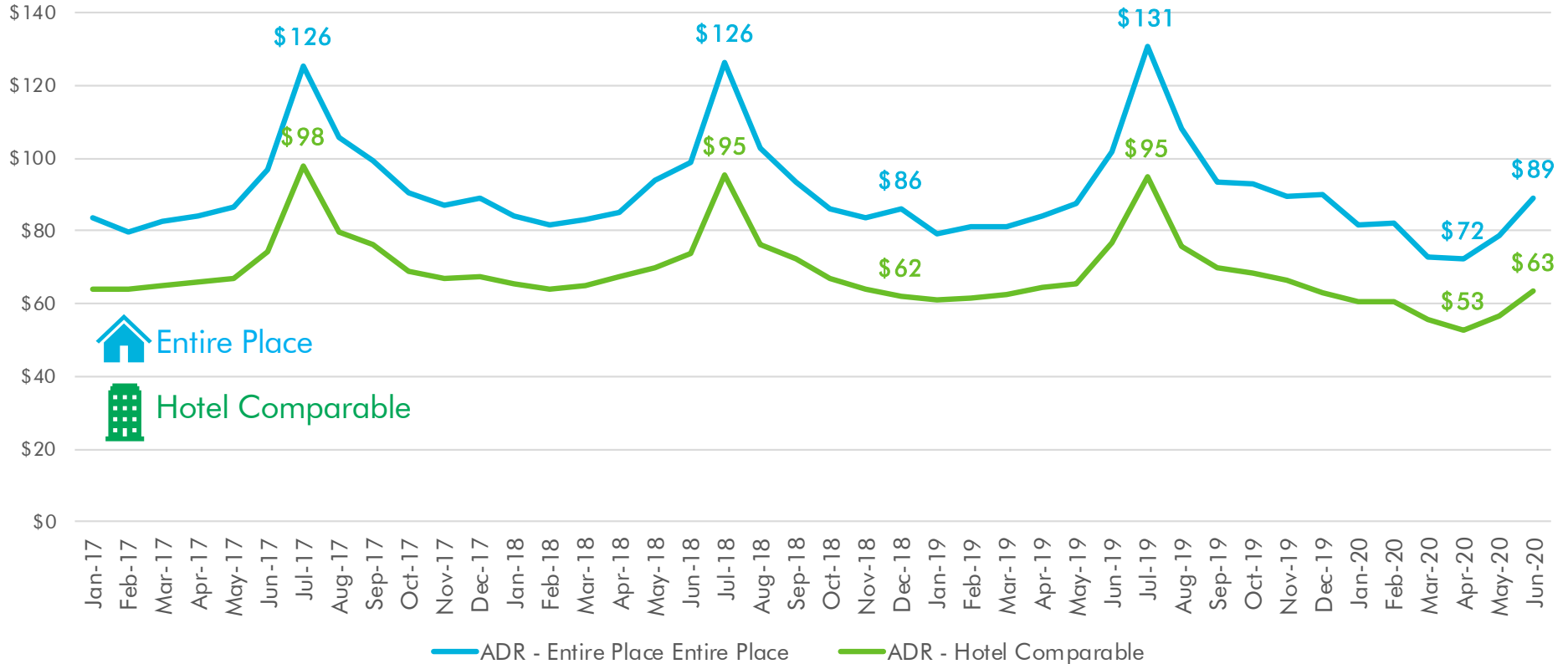
Source: CBRE Hotels

CALGARY AIRBNB SUPPLY & DEMAND



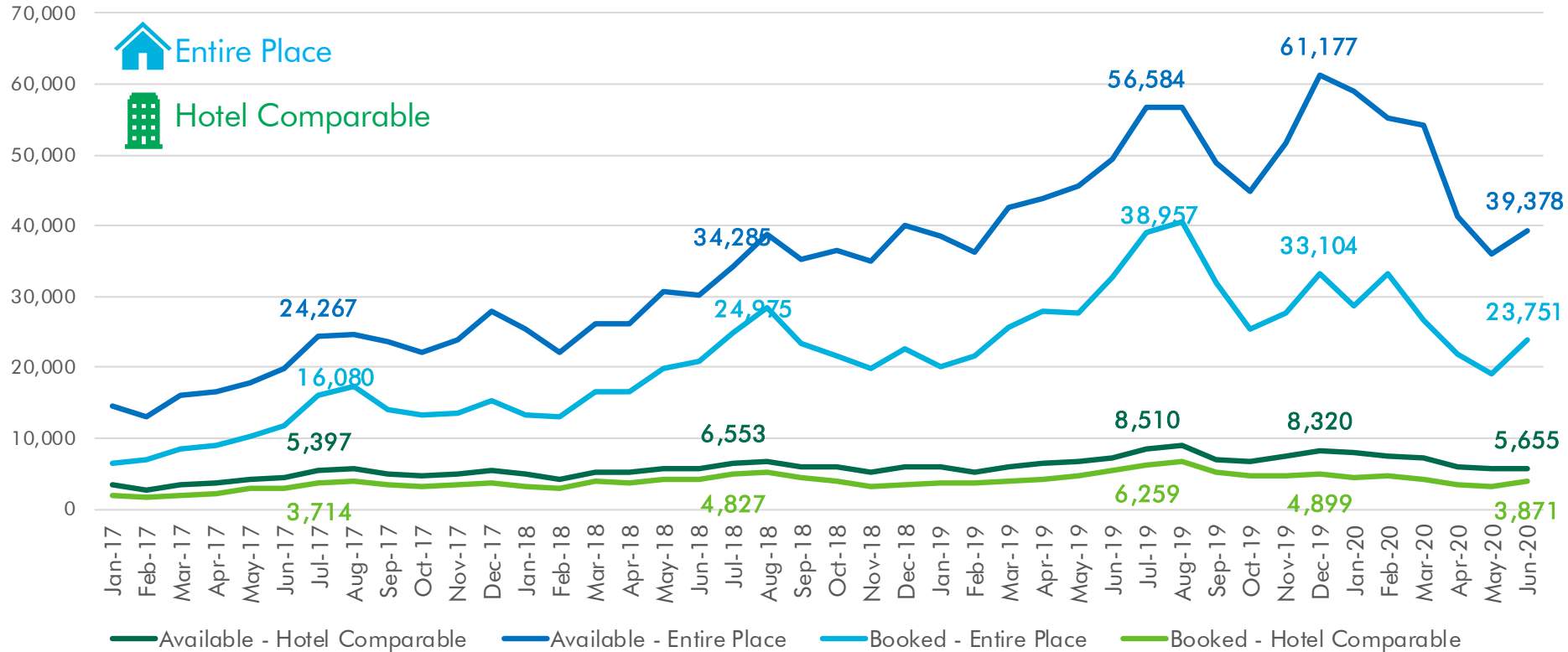
Source: Airdna Data, YTD June 2020

CALGARY AIRBNB ADR



Source: Airdna Data, YTD June 2020

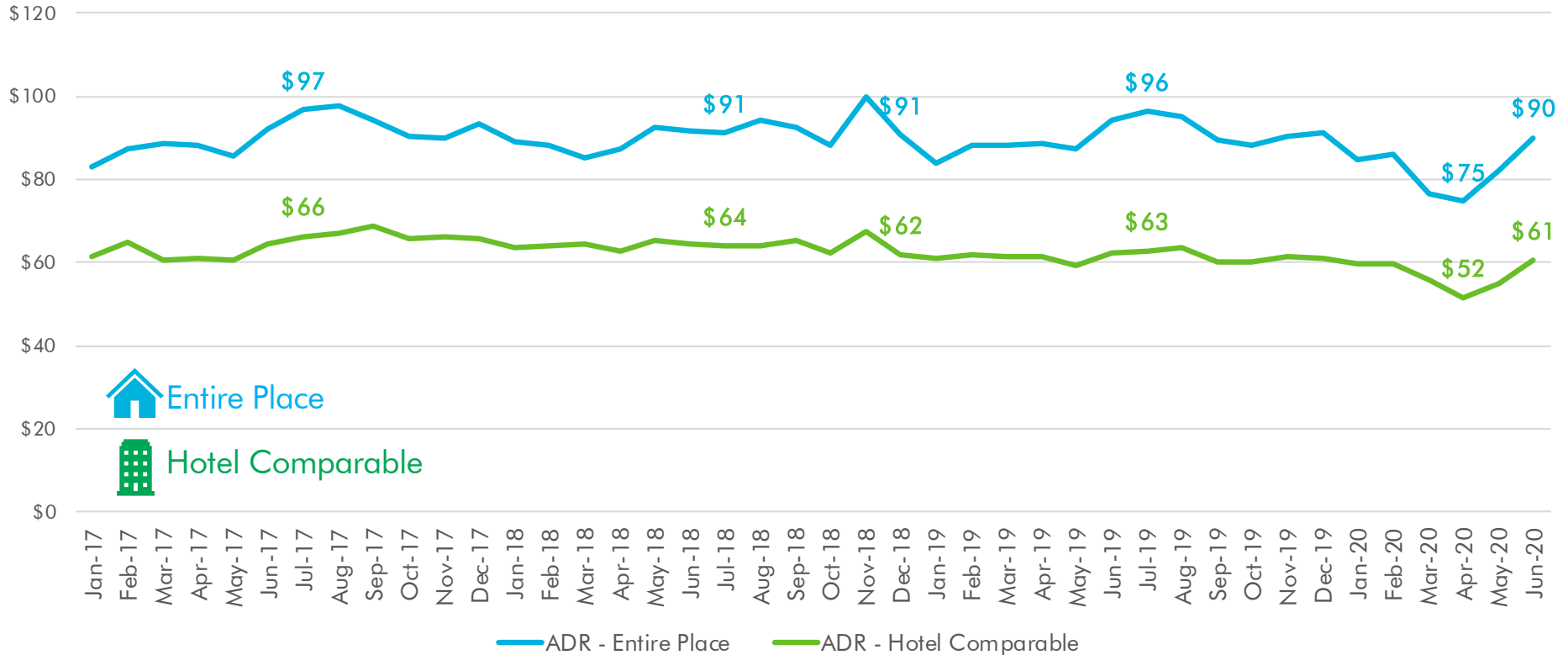
EDMONTON AIRBNB SUPPLY & DEMAND



Source: Airdna Data, YTD June 2020

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EDMONTON AIRBNB ADR



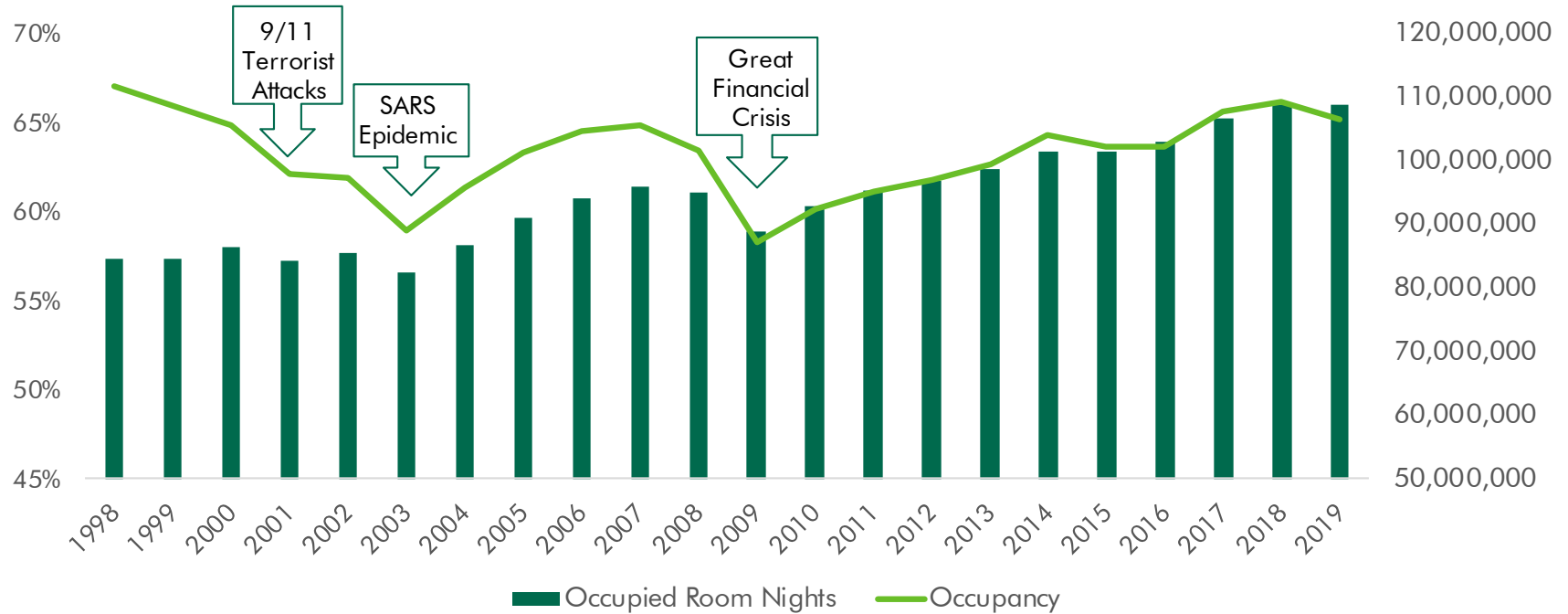
Source: Airdna Data, YTD June 2020

A photograph of a desk setup, including a laptop, a telephone, a water bottle, and a lamp, all under a teal color overlay. The text 'COMING OUT OF COVID-19' is centered over the image.

COMING OUT OF COVID-19

IMPACT OF HISTORIC EVENTS

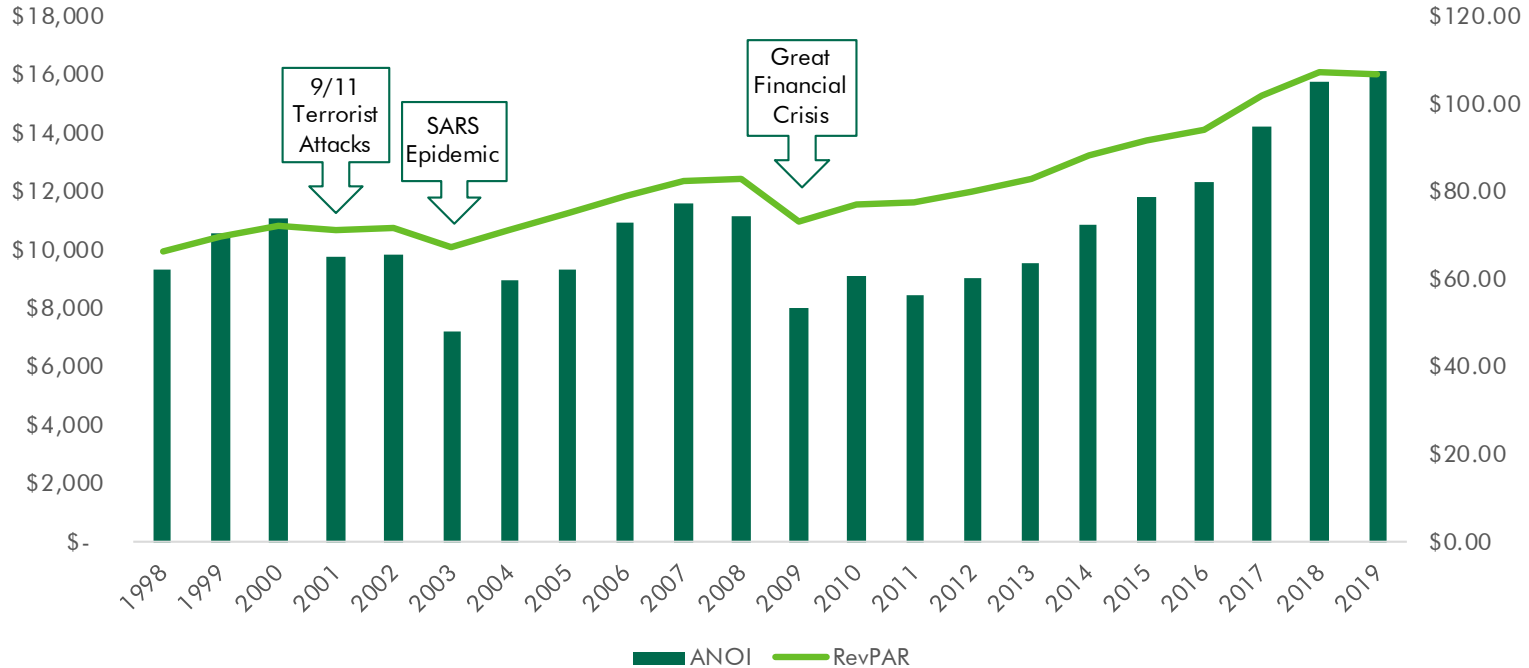
National Accommodation Market Occupancy & Demand 1998-2019



Source: CBRE Hotels

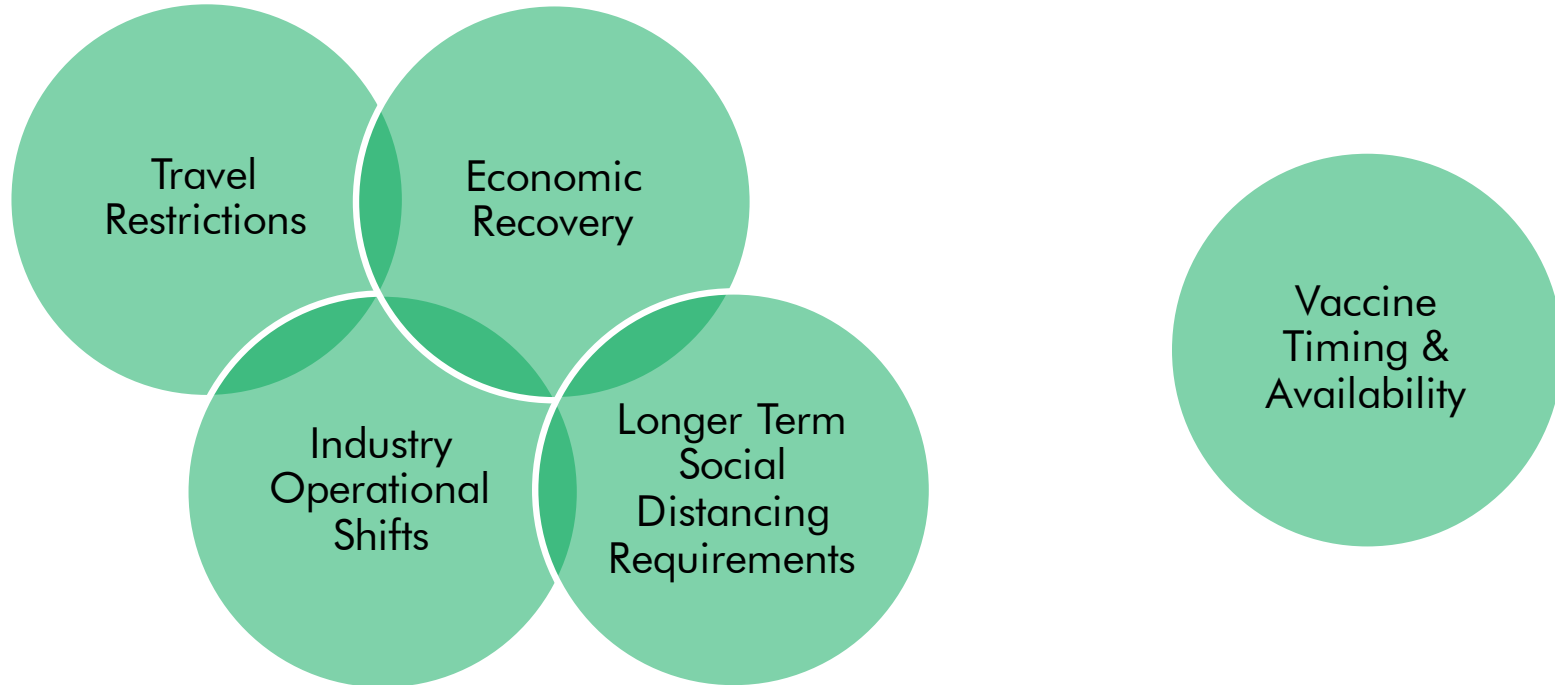
IMPACT OF HISTORIC EVENTS

National ANOI Per Room & RevPAR Performance



Source: CBRE Hotels

RECOVERY INFLUENCES



Source: CBRE Hotels

PRELIMINARY 2020-2025 CANADIAN 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%

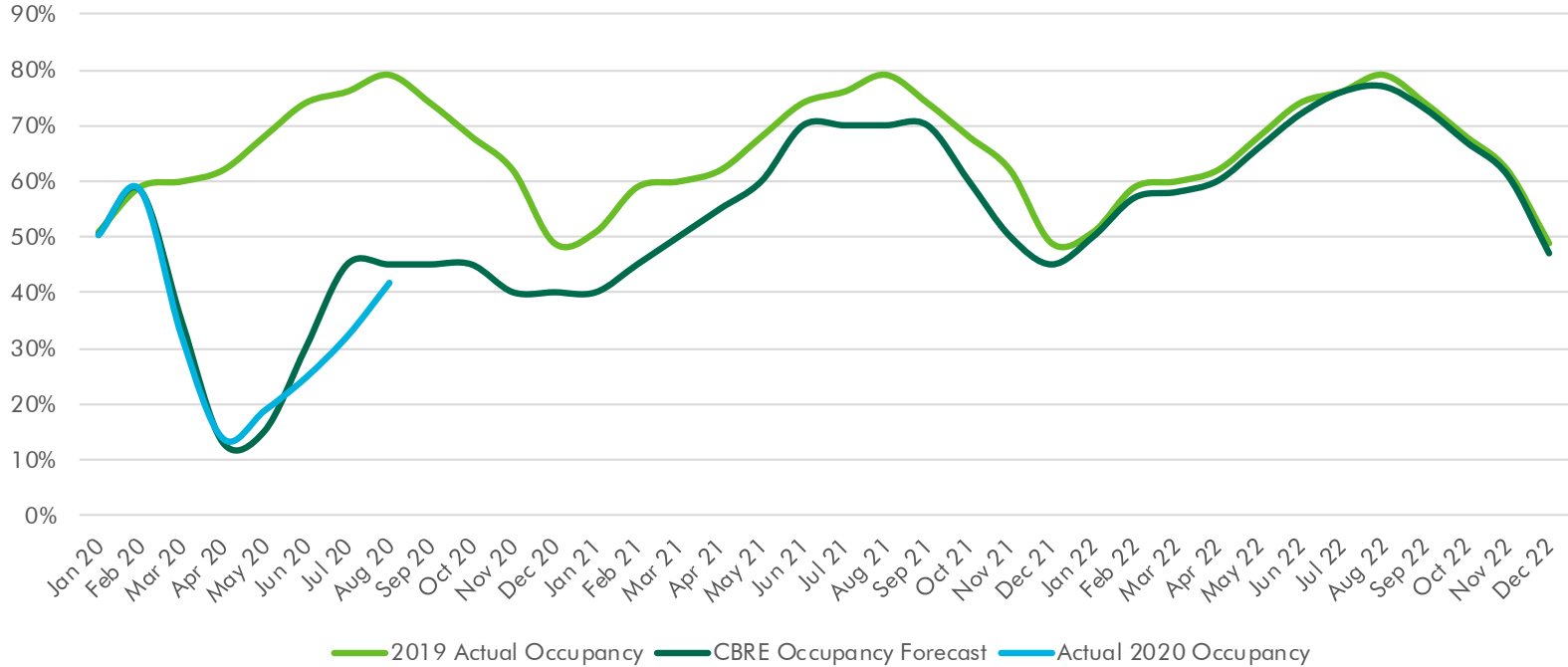
Canadian Forecasts

	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

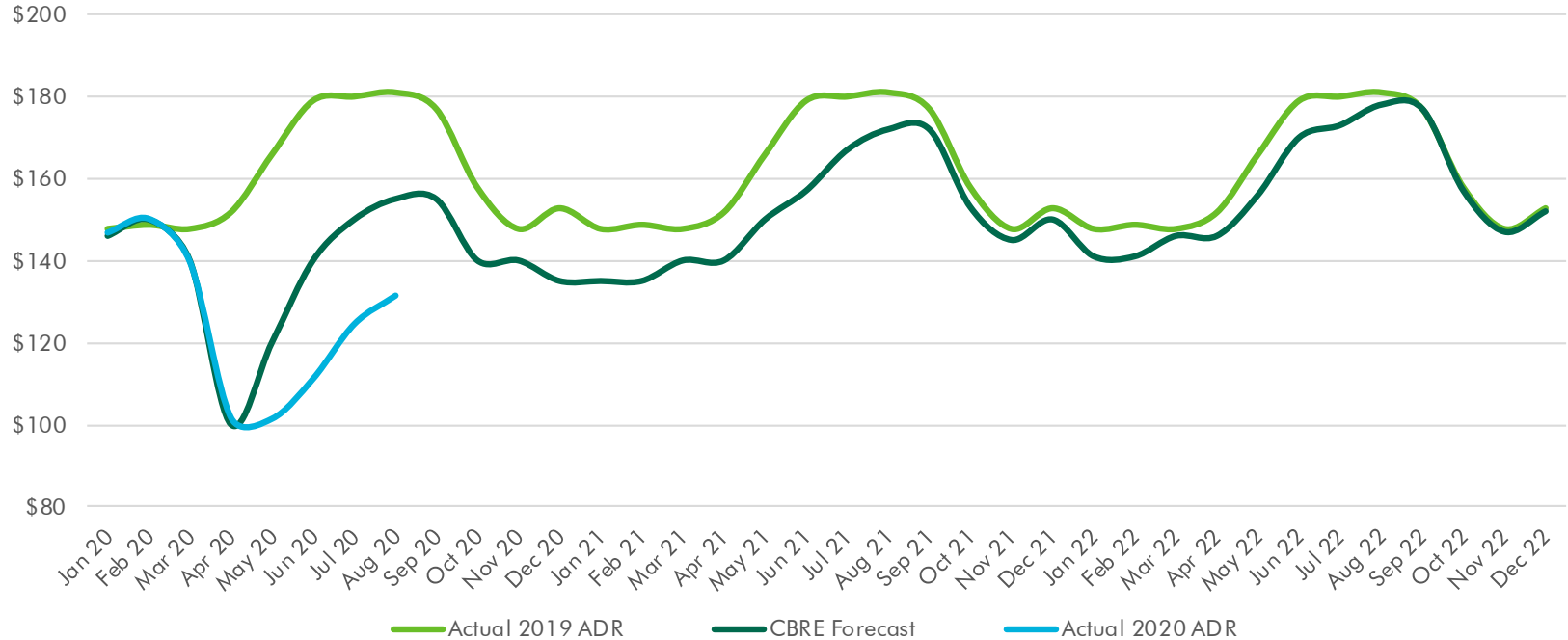
Canadian Occupancy Forecast and 2020 Actual Performance



Source: CBRE Hotels, and STR

THE CANADIAN RECOVERY OUTLOOK

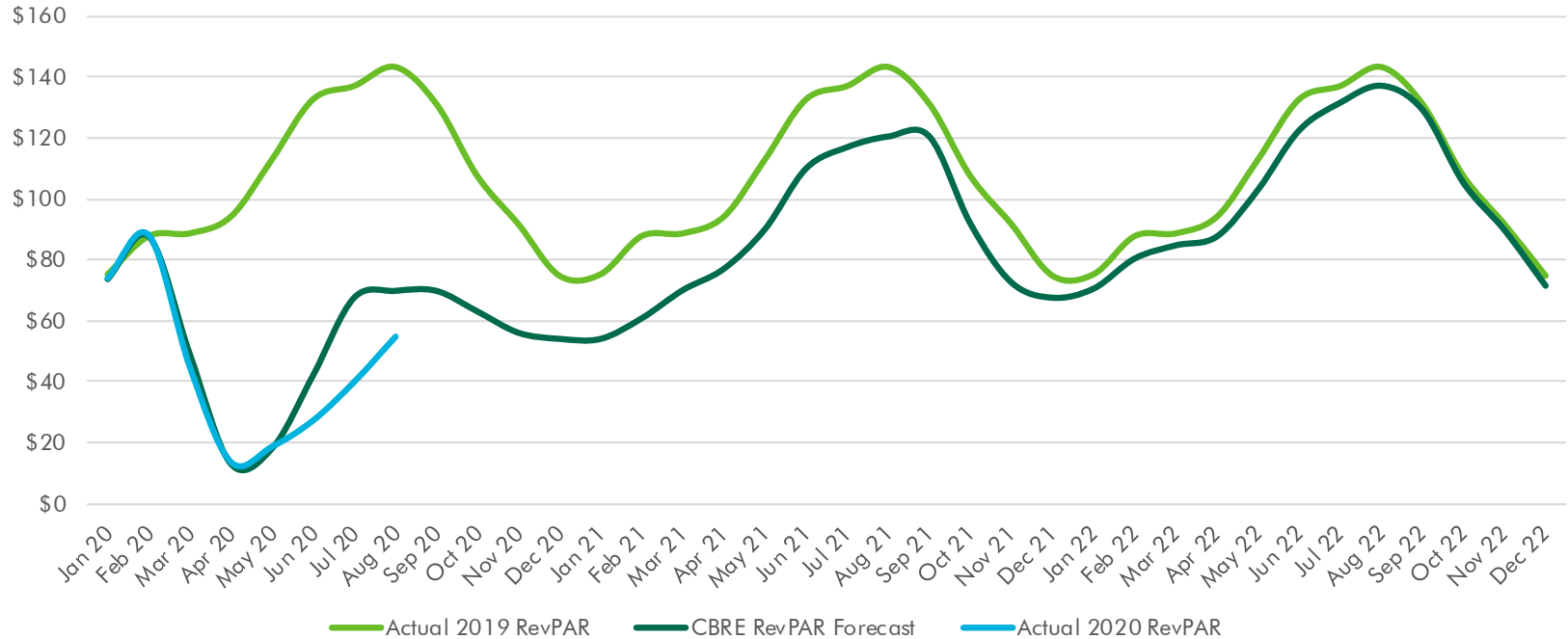
Canadian ADR Forecast and 2020 Actual Performance



Source: CBRE Hotels, and STR

THE CANADIAN RECOVERY OUTLOOK

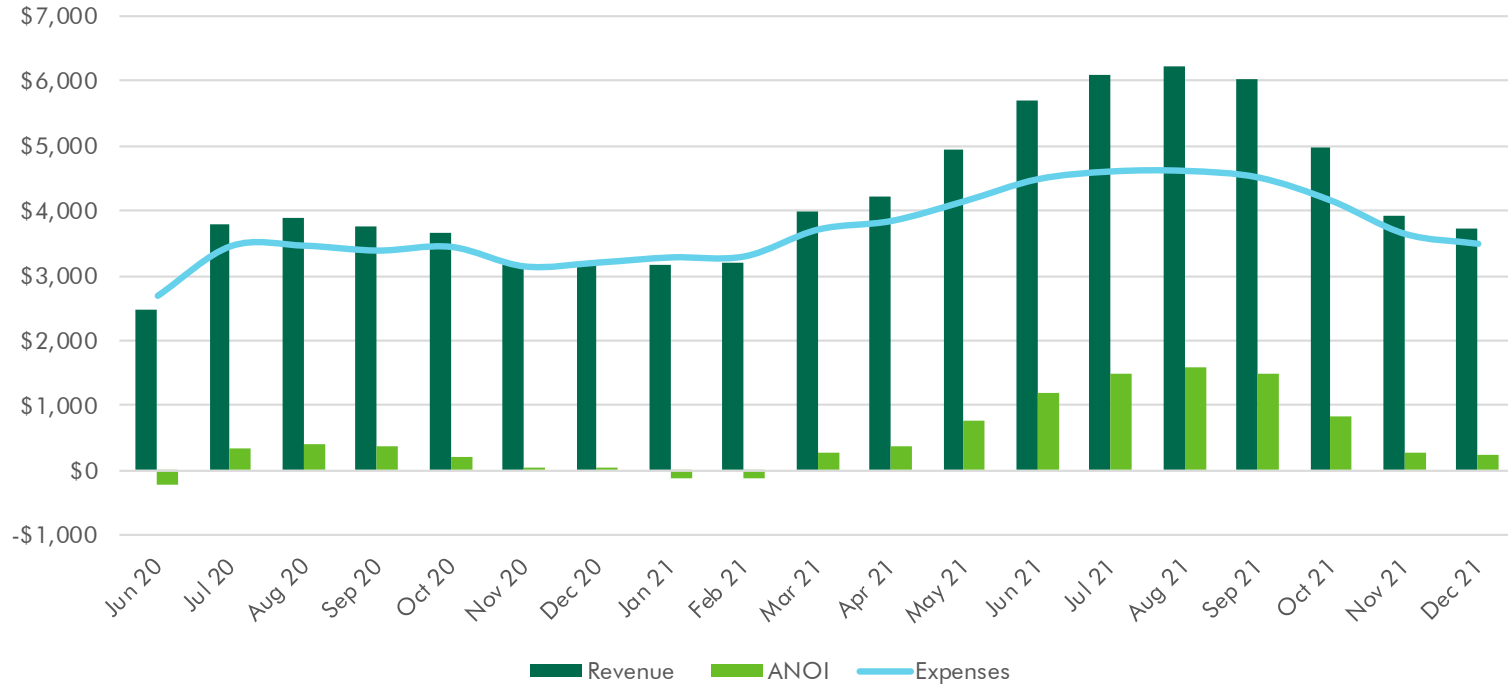
Canadian RevPAR Forecast and 2020 Actual Performance



Source: CBRE Hotels, and STR

THE NEXT 18 MONTHS - CANADA

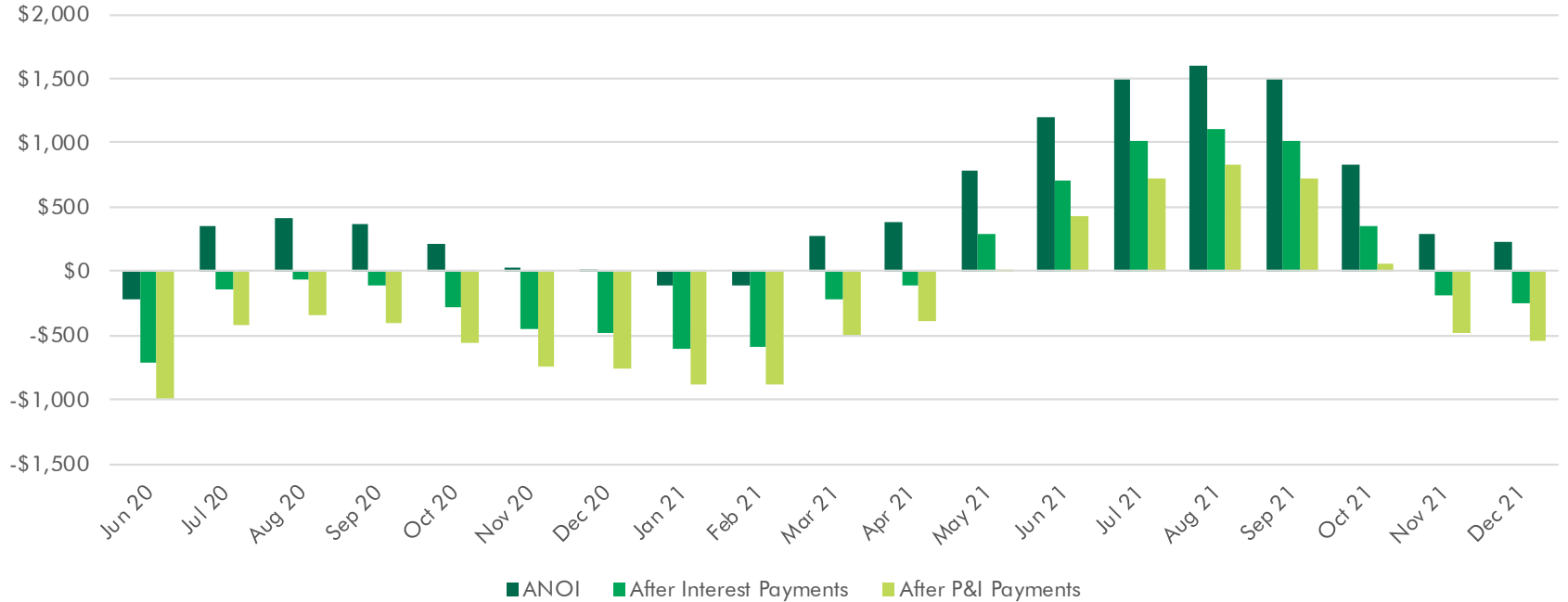
Monthly Operating Income Per Room



Source: CBRE Hotels

THE NEXT 18 MONTHS - CANADA

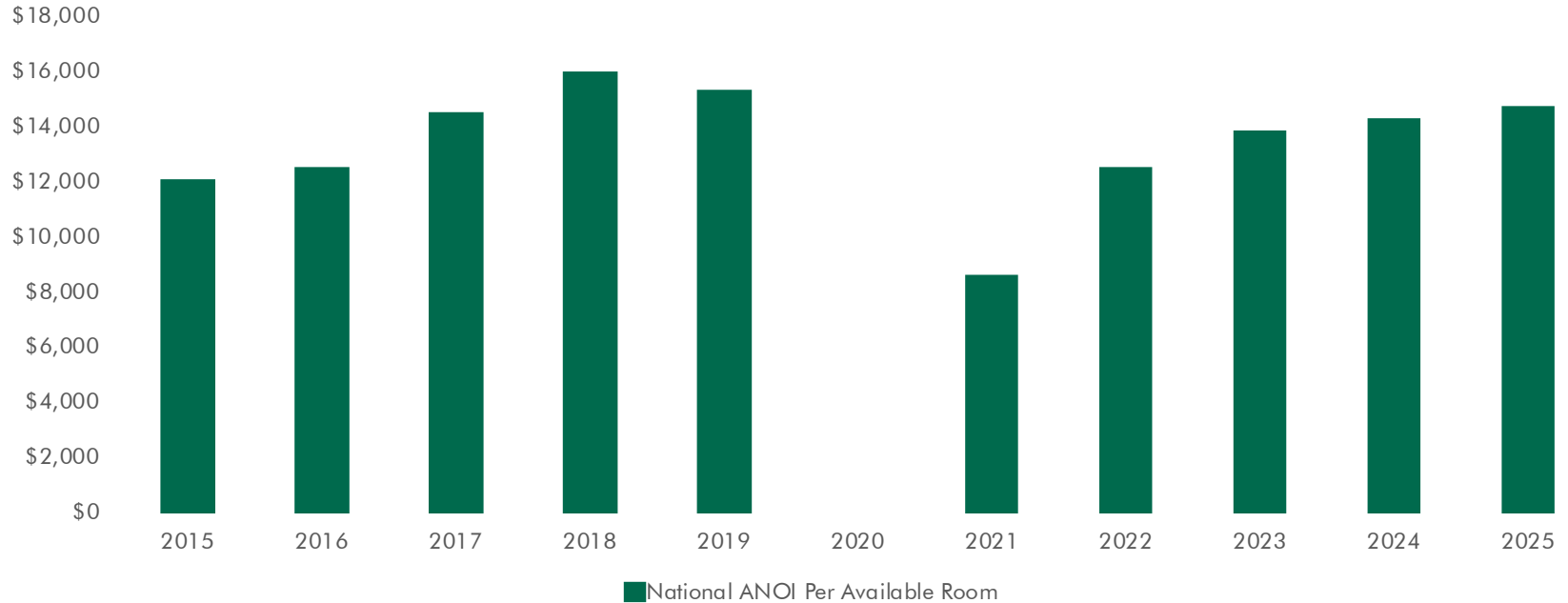
Monthly Cashflow Per Room



Source: CBRE Hotels

NATIONAL FINANCIAL OUTLOOK

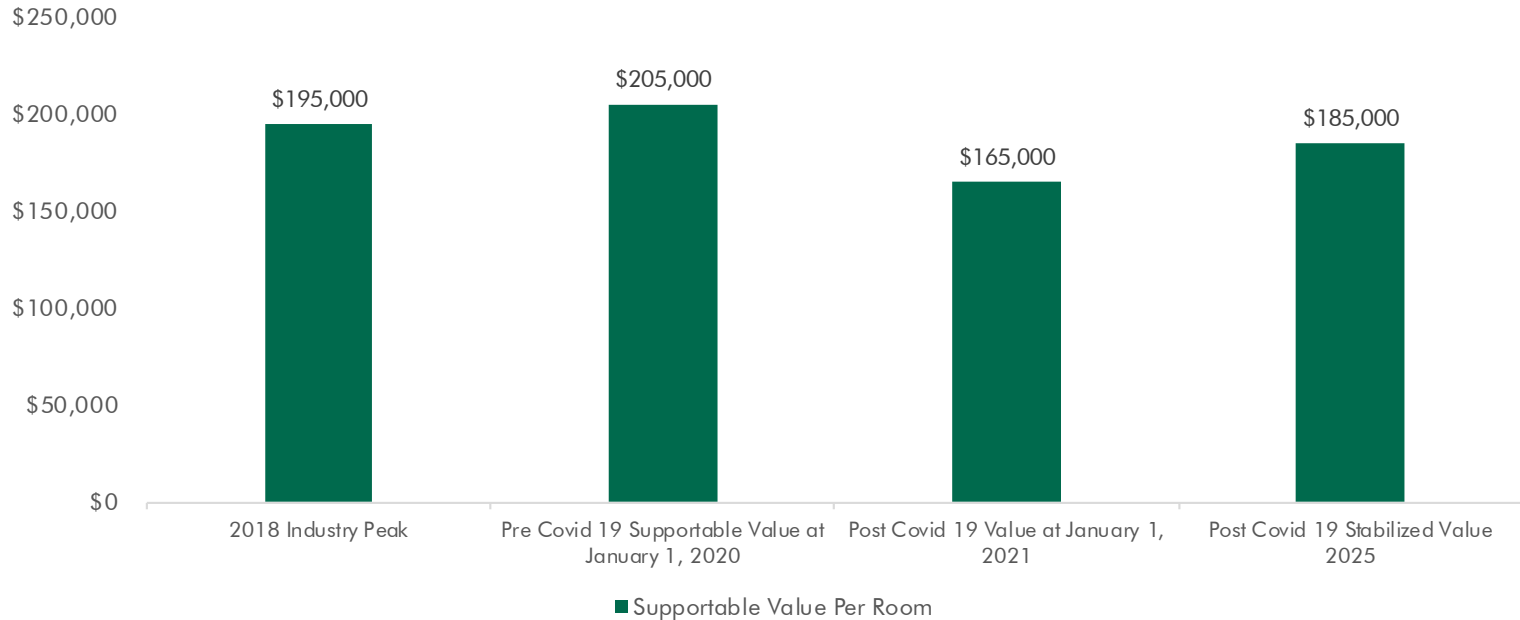
National ANOI Per Available Room



Source: CBRE Hotels

VALUE IMPLICATIONS

Supportable Value Per Room 20% Current Impact (January 2021) 10% Stabilized Impact 2025



Source: CBRE Hotels

THE NEXT 18 MONTHS – BALANCE SHEET IMPACT

Balance Sheet Implications

Best Case

Per Room	2018		2020 Pre Covid		2021 Post Covid	
Asset Value	\$195,000		\$205,000		\$165,000	
Debt LTV	\$117,000	60.0%	\$117,000	57.1%	\$117,000	70.9%
June 2021 Interest Deferral	\$0	0.0%	\$0	0.0%	\$5,820	3.5%
Total Debt	\$117,000	60.0%	\$117,000	57.1%	\$122,820	74.4%
Equity	\$78,000	40.0%	\$88,000	42.9%	\$42,180	25.6%

Over Leveraged Asset

Per Room	2018		2020 Pre Covid		2021 Post Covid	
Asset Value	\$195,000		\$205,000		\$165,000	
Debt LTV	\$146,250	75.0%	\$146,250	71.3%	\$146,250	88.6%
June 2021 Interest Deferral	\$0	0.0%	\$0	0.0%	\$7,260	4.4%
Total Debt	\$146,250	75.0%	\$146,250	71.3%	\$153,510	93.0%
Equity	\$48,750	25.0%	\$58,750	28.7%	\$11,490	7.0%

Source: CBRE Hotels



RECOVERY

THE RECOVERY: PHASING



Impacts

- Sub 20% occupancy nationally
- Eroding profitability
- Some temporary hotel closures

Short term Relief

- Government Wage Subsidies
- Government Short term Loan Programs
- Lending Industry Deferrals

THE RECOVERY: PHASING



- The next 12 to 18 months.
- Short term objective as an operator will be to stay alive until there is an opportunity to do a re-set with lenders, staff and customers.
- Re-openings have/are happening but also operators are looking at whether closures through low season make sense
- Likely that wage subsidy and lender support will ramp down/end
- Health, Safety and Cleanliness will take precedent for all travel and operating decisions.

THE RECOVERY: PHASING



- Contingent on not only finding a vaccine but distributing it
- This phase is assumed not to start until the latter part of 2021, early 2022
- Health, Safety and Cleanliness protocols will continue to be at the forefront during this phase
- Defining what operational changes can be made to reduce cost burden
- Meeting adjusted consumer travel behavior from the leisure, business and meeting/conference segments

THE RECOVERY: PHASING



- Travel and industry topline performance fully recovered by 2023
- Some short-term consumer and operational changes will be maintained others will revert to pre-Covid behaviors and processes

Areas of potential change

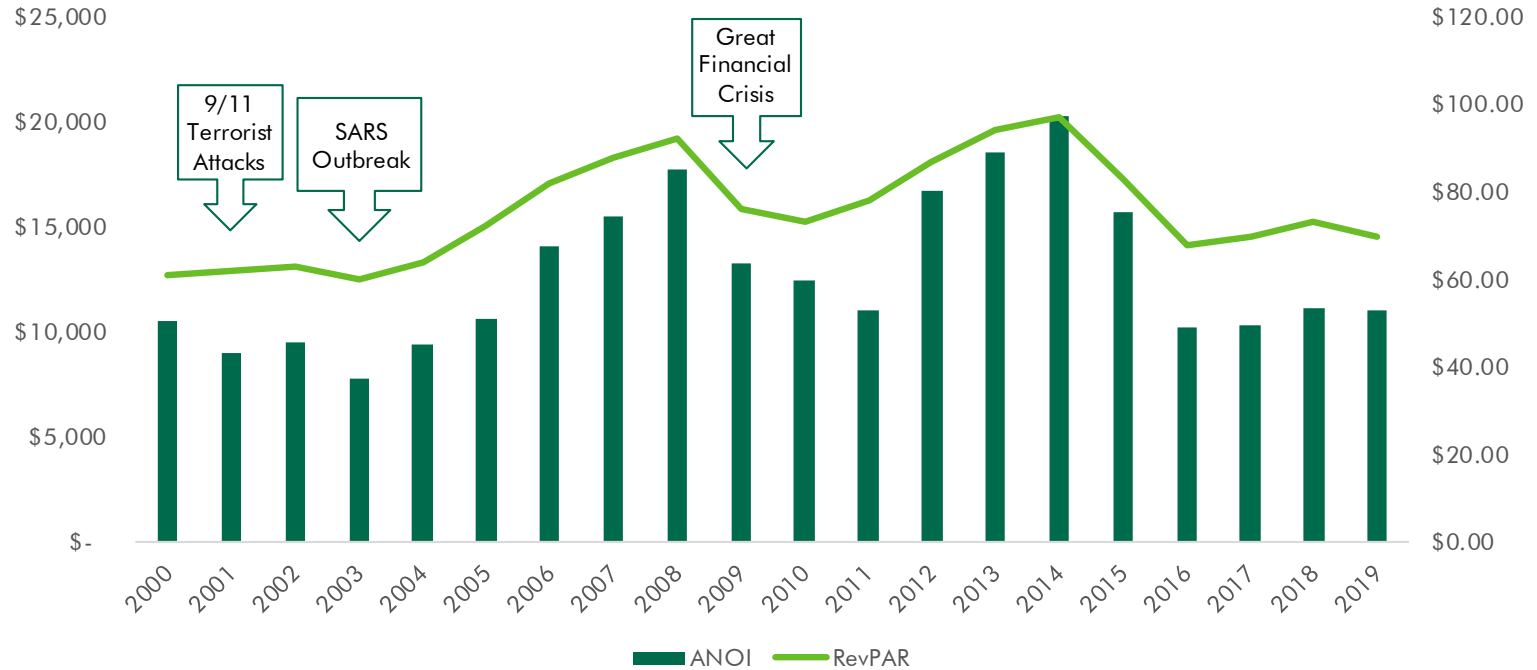
- Guest room cleaning protocols
- Guest check in
- Food & Beverage Operations – Restaurants/Breakfast Offerings
- Meetings & Social Catering Events



IMPLICATIONS FOR ALBERTA

IMPLICATIONS FOR ALBERTA

Alberta ANOI Per Room & RevPAR Performance



Source: CBRE Hotels



QUESTIONS?

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** Sales Representative

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