Horwath HTL
Hotel, Tourism and Leisure

Canada Hotel & Chains Report 2024

April 2024

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1. Introduction

In our annual report on Canadian hotels and chains, we examine the state of the Canadian hospitality industry, both in terms of independent establishments and branded properties. The hotel industry within which these properties operate has shown significant improvement since the lows of 2020. In 2023, the industry achieved a RevPAR of $131, representing an 18% increase over 2022 and a 21% rise compared to 2019.

Despite such obstacles as elevated inflation and increasing interest rates, *Desjardins Étude économiques* indicates that the Canadian economy increased by an estimated 1.1% in 2023. Meanwhile, the Bank of Canada has maintained its policy interest rate at 5%, consequently impacting such interest-sensitive sectors such as housing. Looking into 2024, the national GDP is forecasted to grow by 0.9%, with inflation expected to end at under 2.5% and interest rates forecast to decline as of mid-year. In terms of challenges and opportunities, Canada is expected to avoid a recession in 2024; however, growth will likely be constrained in part due to the higher interest rates. While the U.S. economy's strength should support exports, risks include geopolitical tensions, presidential elections and persistent inflation. Businesses should focus on resilience and technology to navigate uncertainty.

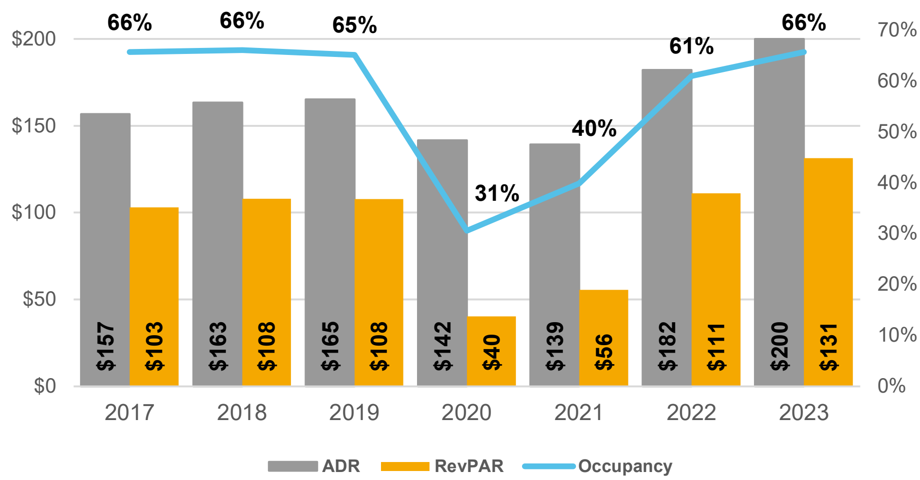
Drawing upon our internal database, CoStar and other resources, Horwath HTL presents the following overview which compiles a sample of just over 7,100 Canadian hotels and close to 450,000 guest rooms. To present the data in a clear and structured manner, we have classified it according to the chain scales as defined by STR. With our continued research and expertise, we remain committed to supporting the hotel industry across its various consulting and data needs.

Key Statistics	2024
Total number of chain hotels	**2,057**
Total number of independent hotels	**5,096**
Total chain rooms	**249,039**
Total independent rooms	**201,014**
Chain penetration % by hotels	**29%**
Chain penetration % by rooms	**55%**
Average size per chain hotel in rooms	**121**
Average size per independent hotel in rooms	**39**
Total number of brands	**134**
Total number of chains	**38**
Pipeline projects	**416**
Canadian occupancy 2023	**66%**
Canadian ADR 2023	**$200**
Canadian RevPAR 2023	**$131**

Source: CoStar, compilation by Horwath HTL

2. Key Performance Indicators—Canada

Referring to the graph below, we note that Canadian hotels registered occupancies varying between 65% and 66% heading into the pandemic. With the health, safety and travel restrictions easing post 2020, demand for accommodations increased steadily between 2021 and 2022, resulting in an occupancy of 61% by year-end 2022 and reaching pre-pandemic levels in 2023 (66%). As for average daily rate (ADR), while the industry saw decreases in 2020 and 2021, hoteliers were quick to adjust as demand improved, resulting in an ADR of $200 by year-end 2023, representing a substantial increase of $35, or 21%, improvement over 2019's result. The resulting $131 revenues per available room in 2023, or RevPAR, indicates that the hotel market has in fact caught up and surpassed its 2018 and 2019 results, the latter coming in at $108, respectively. In reviewing the year-to-date (YTD) data for February 2024, we've noted that there has been a decline in occupancy (1.0%) compared to the same period in 2023. Despite this decrease, there has been a notable increase (3.5%) in the ADR.

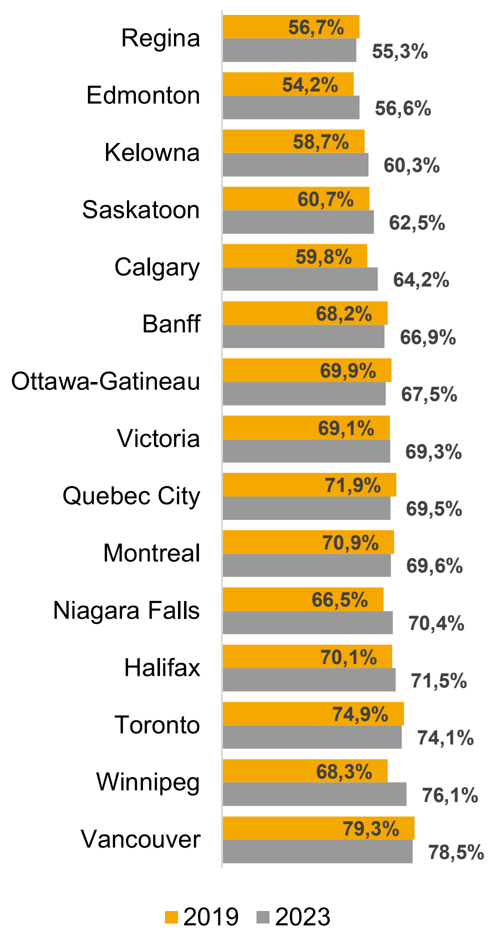


Source: CoStar, compilation by Horwath HTL.

3. Key Performance Indicators—Canadian Cities

Occupancy: 2019 vs 2023

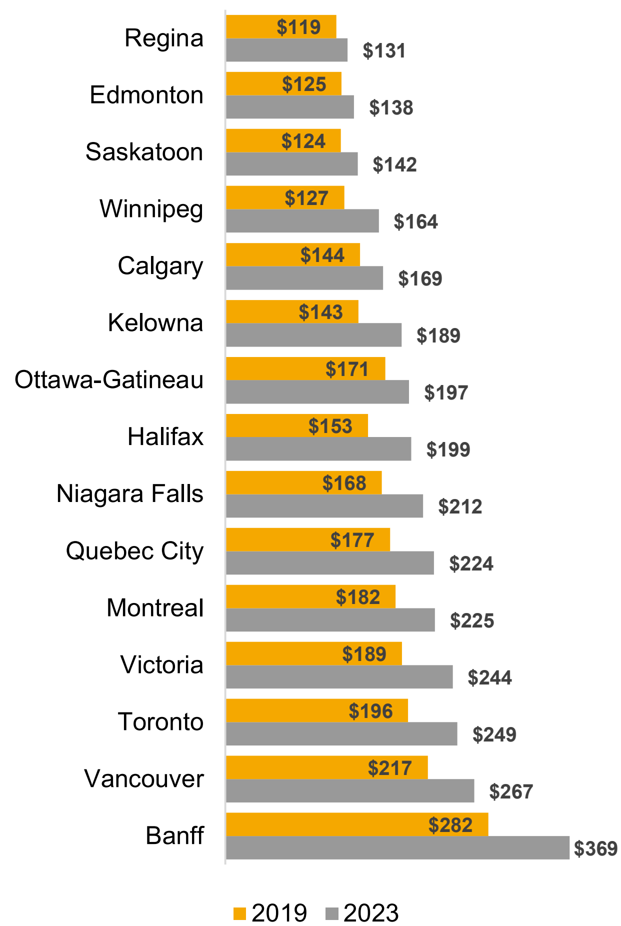
In 2023, notable changes in occupancy rates were observed across key Canadian cities compared to 2019. Vancouver and Toronto remained relatively stable with only marginal declines. Montréal and Québec City saw minor declines of 1.3 and 2.4 percentage points, respectively, to 69.6% and 69.5%. Several cities in western Canada, including Edmonton, Kelowna, Saskatoon, Calgary, and Victoria, witnessed occupancy increases ranging from 0.2 to 4.4 percentage points. Niagara Falls had the 3rd largest increase with 3.9 percentage points to 70.4%. Winnipeg notably stood out with one of the strongest growth rates, surging by 7.8 percentage points to 76.1%.



Source: CoStar, compilation by Horwath HTL.

Average Daily Rate: 2019 vs 2023

In 2023, average daily rates (ADR) soared across various Canadian cities when compared to 2019. The cities that saw the largest increases in dollar amount were Banff, Victoria, Toronto, Vancouver, and Québec City, respectively. As a year-over-year growth (2019–2023), Kelowna, Banff, Halifax, Winnipeg and Victoria registered the strongest growth over the 4 years. The average increase between these 15 markets ranged from a low of $12 (Regina) to a high of $87 (Banff).



Source: CoStar, compilation by Horwath HTL.

4. Hospitality Trends

The hotel industry is evolving rapidly, driven by shifting consumer expectations and emerging trends. One of the key developments is the integration of technology into hotel operations, led by innovative brands keen on meeting modern demands.

“Bleisure” travel, a blend of business and leisure, has made a notable comeback. To cater to this hybrid traveller, hotels are introducing technology lounges equipped with essential tools for remote work. These lounges offer a dual-purpose space where guests can efficiently work and unwind.

Another tech-savvy trend is the adoption of smart keys and mobile check-in services, streamlining the guest experience and enhancing convenience. Additionally, robots are making appearances in hotels and restaurants, offering services ranging from room service delivery to housekeeping services to automated check-ins; all with the objective of adding efficiency to operations.

A notable shift in housekeeping practices is the option for guests to skip daily room cleaning, which benefits both the hotel and guests. This approach improves efficiency, reduces resource consumption, and fosters a more sustainable environment. It also enhances guest comfort by minimizing disruptions and increasing privacy.

Communication channels are diversifying, with hotels embracing text messaging alongside traditional calls to address customer inquiries promptly. Augmented Reality (AR) and virtual tours enable potential guests to explore properties virtually, aiding in an informed decision-making during the booking process. While Artificial Intelligence (AI) presents opportunities for enhanced guest experiences, caution is advised, particularly concerning the effectiveness of AI-driven chatbots, especially among discerning guests.

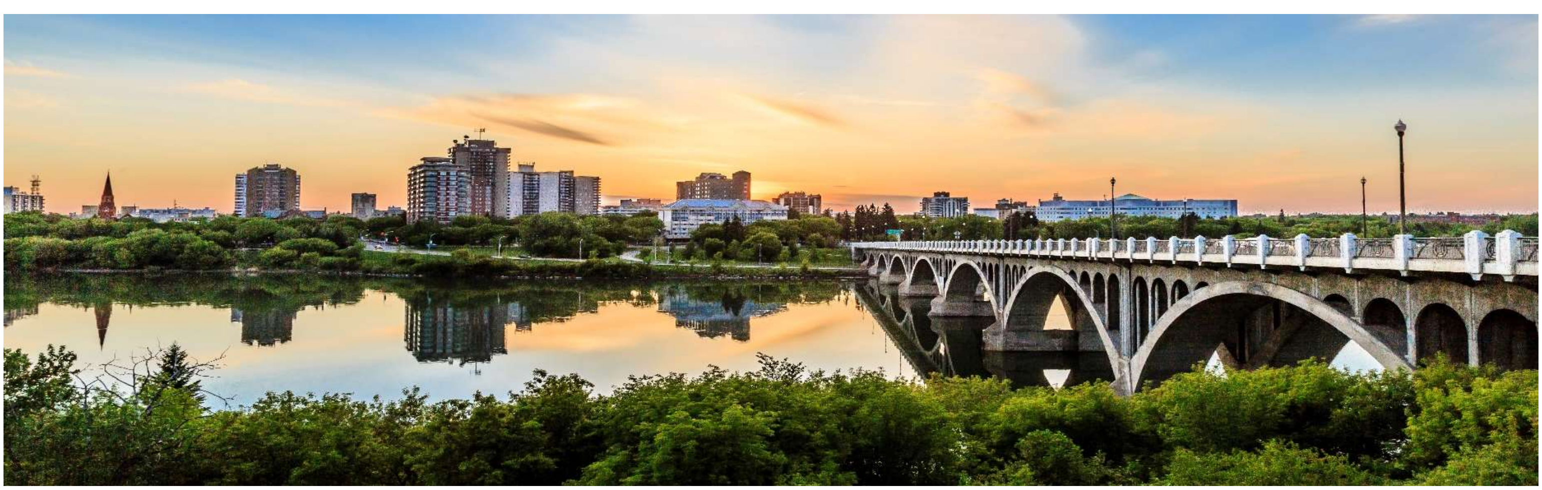
Eco-conscious practices and sustainability initiatives will undoubtedly continue to gain traction, reflecting the growing demand for responsible tourism. Transparency, authenticity, and intentionality are vital not only for engaging guests but attracting new personnel to be part of making a difference.

Personalization remains paramount, as hotels endeavour to tailor experiences to match guests’ individual preferences, leveraging feedback obtained both before and after their stay to effectively anticipate and fulfill their needs.

Well-being continues to emerge as a focal point, with hotels prioritizing amenities and services that promote guest health and relaxation.

Cybersecurity is a critical concern, given the volume of sensitive customer information handled by hotels. Vigilance in safeguarding data is essential to prevent potential fraud and maintain trust between guests and accommodations.

In summary, hotels are embracing technology, sustainability, and personalized experiences to adapt to evolving guest preferences and industry trends. By staying ahead of the curve, brands can ensure they remain competitive and deliver exceptional hospitality experiences in an ever-changing landscape.

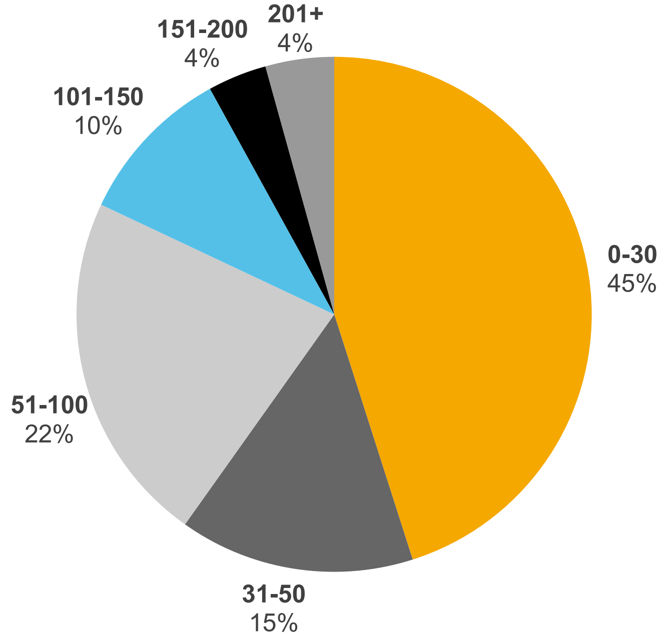


5. Distribution of Establishments by Size

It is worth noting that a significant proportion of the Canadian hotel inventory comprises hotels with fewer than 50 rooms (60% of all hotels considered). In fact, hotels under 30 rooms account for 45% of the total Canadian inventory.

This information is particularly crucial as it relates directly to the fact that many global and Canadian hotel companies, as well as hotel management companies, tend to seek out affiliation, franchise, or management opportunities with hotels that meet a certain size requirement, with these companies often needing a specific minimum critical mass.

Depending on the brand and its positioning, this critical mass can vary from a minimum of 50 to a minimum of 100 rooms or more. However, given that over half of the Canadian hotels have fewer than 50 rooms, the hotel inventory available for potential franchising or branding can be considered somewhat limited.



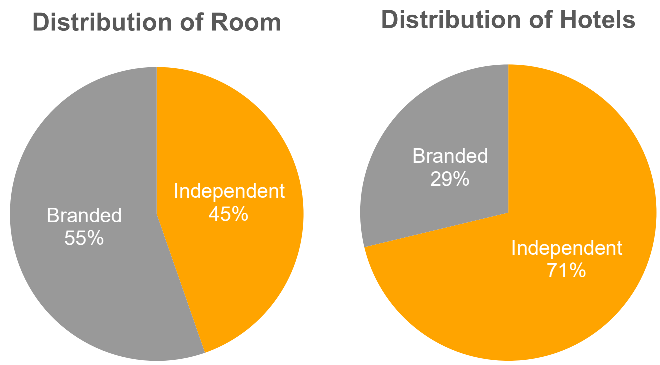
Source: CoStar, compilation by Horwath HTL.

From the owner's perspective, this highlights the significance of carefully considering potential brands that coincide with the size of their property when making decisions about affiliation or branding deals whereas from the brand's perspective, many have begun to introduce brands aimed at smaller property sizes and/or smaller hotel marketplaces.

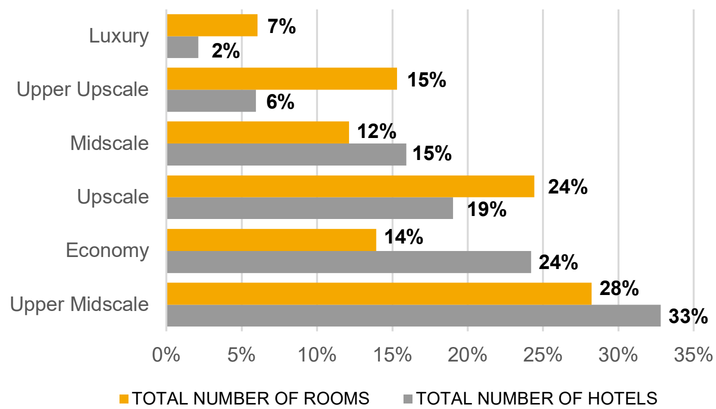
6. Distribution of Establishments by Scale

While many hotels (71% of all establishments) are operated as independent properties and comprise an average of 39 guestrooms per establishment, we note that branded hotels make up the largest proportion of guest units, accounting for 55% of total guest rooms available, resulting in an average property size of 121 rooms per establishment.

While there has been a perceived increase in the number of boutique and lifestyle branded hotels in recent decades, it remains that the upper midscale brands continue to dominate the branded hotel inventory in Canada, representing the largest share at 33% of hotels and 28% of guest units. On the other hand, the market shares of the economy, upper upscale, and midscale branded hotels are relatively similar in terms of guest rooms within the Canadian hotel inventory.



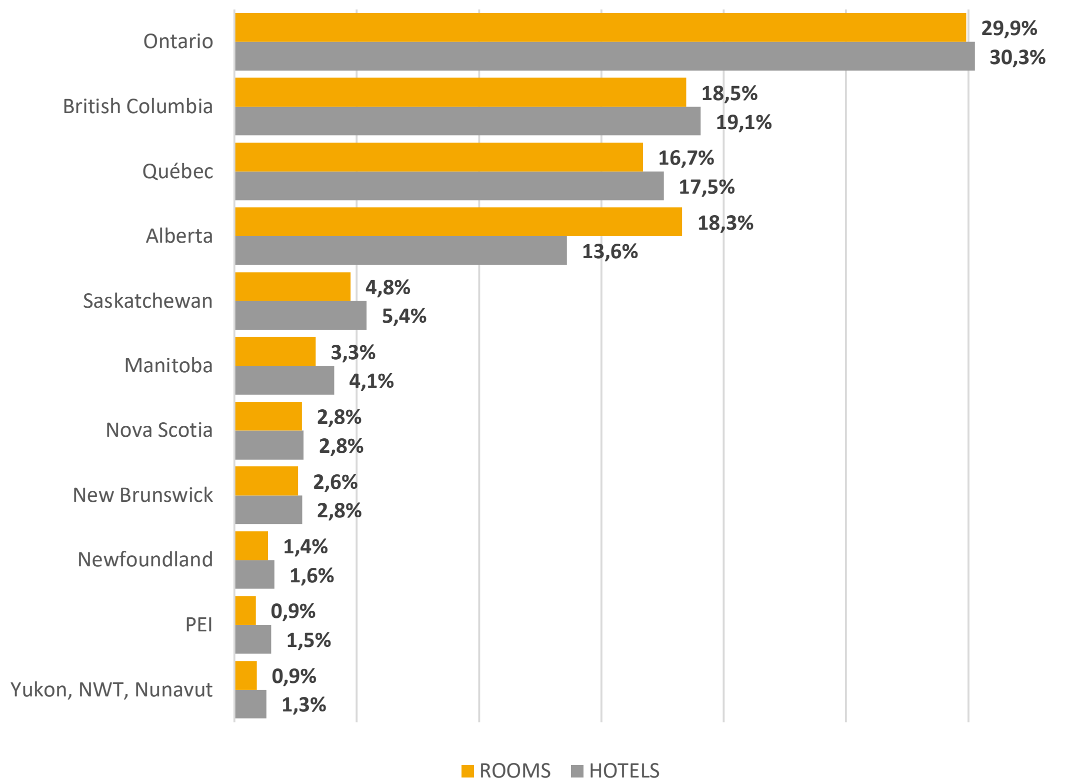
Source: CoStar, compilation by Horwath HTL.



Source: CoStar, compilation by Horwath HTL.

7. Hotels and Room Distribution by Province

A significant majority of the hotel rooms in Canada are located within four provinces: Ontario (29.9%), Alberta (18.3%), British Columbia (18.5%), and Québec (16.7%). Together, these provinces account for just over 83% of the total number of guestrooms across the country.



Source: CoStar, compilation by Horwath HTL.

8. Top 10 Chain Brands by Chain Scale

Economy Brands

Rank	Economy	Hotels	Rooms
1	Days Inn	106	8,398
2	Travelodge	100	7,699
3	Super 8	118	7,636
4	Microtel by Wyndham	28	2,428
5	Motel 6	31	2,209
6	Econo Lodge	38	1,864
7	Howard Johnson	18	1,232
8	Rodeway Inn	10	559
9	Knights Inn	17	535
10	SureStay Plus by Best Western	7	523

Source: CoStar, compilation by Horwath HTL.

Upscale Brands

Rank	Upscale	Hotels	Rooms
1	Delta Hotel	41	10,632
2	Courtyard by Marriott	36	6,141
3	DoubleTree by Hilton	20	4,565
4	Four Points by Sheraton	32	4,425
5	Hilton Garden Inn	28	4,332
6	Residence Inn	26	3,705
7	Coast Hotels	30	3,152
8	Homewood Suites by Hilton	23	2,644
9	Radisson by Choice	14	2,271
10	Ascend Collection	25	2,229

Source: CoStar, compilation by Horwath HTL.

Midscale Brands

Rank	Midscale	Hotels	Rooms
1	Quality Inn	85	7,320
2	Ramada	72	6,991
3	Sandman	38	5,328
4	Best Western	58	4,839
5	Canada's Best Value Inn	19	862
6	Wingate by Wyndham	8	822
7	Rodd Hotel	7	754
8	Lakeview Inn & Suites	8	532
9	Baymont	6	403
10	Tru by Hilton	3	300

Source: CoStar, compilation by Horwath HTL.

Upper Upscale Brands

Rank	Upper Upscale	Hotels	Rooms
1	Sheraton	18	7,962
2	Marriott	16	5,733
3	Hilton	14	5,451
4	Westin	14	5,243
5	Sandman Signature	15	3,567
6	Autograph Collection	10	1,735
7	Hyatt Regency	3	1,399
8	Embassy Suites by Hilton	4	1,240
9	Omni	2	600
10	Renaissance	3	552

Source: CoStar, compilation by Horwath HTL.

Upper Midscale Brands

Rank	Upper Midscale	Hotels	Rooms
1	Holiday Inn Express	116	12,302
2	Best Western Plus	115	11,614
3	Comfort Inn	141	11,462
4	Holiday Inn	51	8,687
5	Hampton by Hilton	71	8,025
6	Fairfield Inn	32	3,580
7	TownePlace Suites by Marriott	21	2,350
8	Trademark Collection by Wyndham	16	2,256
9	Canalta Hotels	24	1,772
10	Quality	15	1,472

Source: CoStar, compilation by Horwath HTL.

Luxury Brands

Rank	Luxury	Hotels	Rooms
1	Fairmont	19	9,631
2	Pan Pacific	4	1,112
3	InterContinental	2	941
4	JW Marriott	3	896
5	Four Seasons	3	716
6	Le Germain Hotels	5	684
7	W Hotel	2	406
8	Ritz-Carlton	2	392
9	Shangri-La	2	321
10	St. Regis	1	258

Source: CoStar, compilation by Horwath HTL.

9. Ranking by Destination

Top 20 Independent Hotels

Montréal takes the lead in terms of the largest number of independent hotels (103 properties) and rooms (7,734 rooms), followed by Toronto, Québec City and Vancouver, respectively. Smaller cities such as Grande Prairie, Queens and Penticton also made it to the top 20 list in terms of rooms within independent hotels.

INDEPENDENT			
Rank	**City**	**Hotels**	**Rooms**
1	Montréal	103	7,734
2	Toronto	64	5,949
3	Québec City	92	5,578
4	Vancouver	46	5,094
5	Niagara Falls	80	4,192
6	Banff	38	3,737
7	Victoria	57	3,539
8	Ottawa	28	2,856
9	Calgary	21	2,759
10	Edmonton	37	2,642
11	Whistler	35	2,185
12	Halifax	20	2,162
13	Canmore	35	2,130
14	Jasper	24	1,965
15	Winnipeg	31	1,786
16	Mont-Tremblant	20	1,688
17	Grande Prairie	13	1,467
18	Penticton	37	1,457
19	Queens	50	1,358
20	Fort McMurray	14	1,293

Source: CoStar, compilation by Horwath HTL.

Top 20 Branded Hotels

Meanwhile, Toronto has the largest number of branded hotel rooms in Canada, with a total of 18,941 units, followed by Calgary with 13,068 units, and this despite having the largest number of hotels. Montréal, Edmonton, and Niagara Falls, respectively, rank next in terms of branded hotel guestrooms.

BRANDED			
Rank	**City**	**Hotels**	**Rooms**
1	Toronto	64	18,941
2	Calgary	81	13,068
3	Montréal	60	12,762
4	Edmonton	64	10,431
5	Niagara Falls	41	8,423
6	Vancouver	31	8,262
7	Ottawa	41	7,385
8	Mississauga	47	7,312
9	Winnipeg	45	5,965
10	Saskatoon	30	4,013
11	Richmond	19	3,923
12	Québec City	22	3,800
13	Regina	25	3,173
14	Halifax	20	2,849
15	London	21	2,615
16	Markham	15	2,384
17	St. John's	13	2,351
18	Moncton	20	2,259
19	Kelowna	17	2,243
20	Kamloops	28	2,171

Source: CoStar, compilation by Horwath HTL..

10. Ranking by Chain and Brand

Top 20 Chains by Size

Marriott International leads the marketplace in terms of the number of hotels guestrooms in Canada, coming in with 56,200 units. In terms of the number of hotels, its Wyndham Hotels & Resorts that ranks first, while coming in second in terms of rooms, followed by Choice Hotels International and Hilton Worldwide in 3rd and 4th position, respectively.

CHAINS			
Rank	**Chain Groups**	**Hotels**	**Rooms**
1	Marriott International	272	56,200
2	Wyndham Hotels & Resorts	482	39,609
3	Choice Hotels International, Inc.	360	30,481
4	Hilton Worldwide	178	28,256
5	IHG Hotels & Resorts	193	25,224
6	BWH Hotels	224	20,820
7	Accor	27	11,252
8	Northland Properties	53	8,895
9	Hyatt Hotels Corporation	19	3,971
10	Coast Hotels Limited	30	3,152
11	Groupe Germain Hotels**	19	2,736
12	G6 Hospitality LLC	32	2,332
13	Nova Hotels	14	2,012
14	Sonesta International Hotels Corp		1,884
15	Canalta Hotels	24	1,772
16	Executive Hotels and Resorts	10	1,300
17	Pan Pacific Hotels Group	4	1,112
18	Canad Inns	9	962
19	Lakeview Hotels & Resorts	11	814
20	Rodd Hotels & Resorts	7	754

***Includes Le Germain Hotels, Alt Hotels and Escad Hotels.*

Source: CoStar, compilation by Horwath HTL.

Top 30 Brands by Size

Holiday Inn Express and Best Western Plus, respectively, head up the list of brands in terms of the number of guestrooms whereas Comfort Inn, with 141 hotels, leads in terms of the number of hotel properties. In 4th and 5th position, respectively, are the upscale Delta hotels and the luxury Fairmont hotels.

BRANDS			
Rank	**Chain Brands**	**Hotels**	**Rooms**
1	Holiday Inn Express	116	12,302
2	Best Western Plus	115	11,614
3	Comfort Inn	141	11,462
4	Delta Hotels	41	10,632
5	Fairmont	19	9,631
6	Holiday Inn	51	8,687
7	Days Inn	106	8,398
8	Hampton by Hilton	71	8,025
9	Sheraton	18	7,962
10	Travelodge	100	7,699
11	Super 8	118	7,636
12	Quality Inn	85	7,320
13	Ramada	72	6,991
14	Courtyard	36	6,141
15	Marriott	16	5,733
16	Hilton	14	5,451
17	Sandman	38	5,328
18	Westin	14	5,243
19	Best Western	58	4,839
20	DoubleTree by Hilton	20	4,565
21	Four Points by Sheraton	32	4,425
22	Hilton Garden Inn	28	4,332
23	Residence Inn	26	3,705
24	Fairfield Inn	32	3,580
25	Sandman Signature	15	3,567
26	Coast Hotels	30	3,152
27	Homewood Suites by Hilton	23	2,644
28	Microtel by Wyndham	28	2,428
29	TownePlace Suites by Marriott	21	2,350
30	Radisson by Choice	14	2,271

Source: CoStar, compilation by Horwath HTL.

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11. Canadian Pipeline

Top 20 Destination Pipeline

Referring to the CoStar pipeline, and their presentation of hotel projects in planning, final planning, under construction or unconfirmed, we have noted that there are 358 hotel projects expected to open within the next four years. This represents a 10% increase compared to the same period in 2023. Ontario has the largest number of projects and rooms within the pipeline, with Toronto leading the way (32 hotels and 5,601 rooms). Vancouver comes in 2nd place, with 2,248 rooms planned, while Niagara Falls is third on the list with 2,096 rooms.

Rank	City	Projects	Rooms
1	Toronto	32	5,601
2	Vancouver	10	2,248
3	Niagara Falls	6	2,096
4	Ottawa	13	1,891
5	Calgary	11	1,575
6	Mississauga	14	1,555
7	Montréal	10	1,360
8	Richmond	7	1,159
9	Vaughan	6	1,018
10	Victoria	6	821
11	Cornwall	4	817
12	Winnipeg	5	755
13	Hemlock Valley	3	730
14	Blue Mountain	1	682
15	Brampton	5	672
16	Kelowna	4	549
17	Markham	4	548
18	Oakville	5	521
19	Cambridge	4	458
20	Whitehorse	4	456

Source: CoStar, compilation by Horwath HTL.

Top 20 Brand Pipeline

Independent hotels account for 22% of rooms within the pipeline. Hampton by Hilton leads the way in terms of the number of hotel projects and projected rooms (22 and 2,592 respectively), followed by TownePlace Suites and Home2 Suites by Hilton. A total of 44,307 rooms are expected to be added within the next four years, which represents a 13% increase over the same period in 2023.

Rank	Brand	Projects	Rooms
1	Independent	58	9,700
2	Hampton by Hilton	22	2,592
3	TownePlace Suites by Marriott	23	2,289
4	Home2 Suites by Hilton	19	2,002
5	Fairfield Inn	21	1,993
6	Holiday Inn Express	16	1,781
7	Microtel by Wyndham	18	1,610
8	Ramada	16	1,512
9	Autograph Collection	3	1,410
10	Hyatt Place	10	1,344
11	Super 8	16	1,305
12	Courtyard by Marriott	8	1,189
13	Tru by Hilton	12	1,105
14	Hyatt House	7	937
15	Staybridge Suites	7	842
16	Comfort Inn	10	779
17	Residence Inn	6	704
18	MOXY	3	701
19	Curio Collection by Hilton	2	646
20	Hilton Garden Inn	3	622

Source: CoStar, compilation by Horwath HTL.

About the Authors

Paolo Di Pietrantonio, CPA, CA | President
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Paolo joined Horwath HTL in 2012 after a successful 30-year career within the Québec hotel industry, occupying numerous industry positions, including hotelier of the year as General Manager of the Château Bromont resort hotel. Paolo has also been an active member of numerous Board of Directors, as well as being the current President of the Board of Directors of the *Institut de tourisme et d'hôtellerie* du Québec.

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Peter has been providing bilingual (English and French) valuation, advisory, operator search and selection, and asset/interim management consulting services for over to three decades, having begun with Horwath HTL in 1990. He has been involved in numerous appraisals, valuations market studies, and financial and operational analyses for a wide range of clients within the lodging, restaurant and leisure related industries, and this throughout Québec, Ontario, Eastern Canada, Mexico, Dominican Republic, Costa Rica and French Polynesia. Peter oversees the complete lifecycle of the consulting process. His expertise allows for a timely delivery of consulting analyses and reports while ensuring client service and satisfaction. Through rigorous quality control and high-quality deliverables, he has completed over 750 hotel and resort property market studies, valuations and appraisals over the past 20 years.

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Nathalia brings over a decade of invaluable hotel industry experience to her role as a member of the Horwath HTL team. Her expertise spans managing sales, customer service, training, and procedures, with a focus on luxury, boutique, resort, and furnished apartment properties in Montréal, the Bahamas, and the French Alps. Nathalia's keen eye for details allows her to quickly identify areas for improvement and recommend/implement effective solutions. Having worked within numerous departments, she has developed a comprehensive vision of how different roles and teams come together to create a seamless experience. In her role as a consultant, Nathalia specializes in market studies and comprehensive analyses, focusing on cities across Québec and Canada. Her expertise is instrumental in navigating the intricate landscape of the hospitality industry, providing valuable insights for informed decision-making.

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About Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

We are Horwath HTL, the global leader in the hotel, tourism and leisure consulting.

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