Horwath HTL
Hotel, Tourism and Leisure

Canada Hotel & Chains Report 2023

April 2023

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1. Introduction

As we approach mid-2023, and this on the heels of the many challenges the tourism sector faced as a result of the pandemic, the outlook for the Canadian hospitality industry certainly appears brighter. Already, year-end 2022 results saw the industry register a RevPAR of $109, or a result comparable to the results of 2018 and 2019.

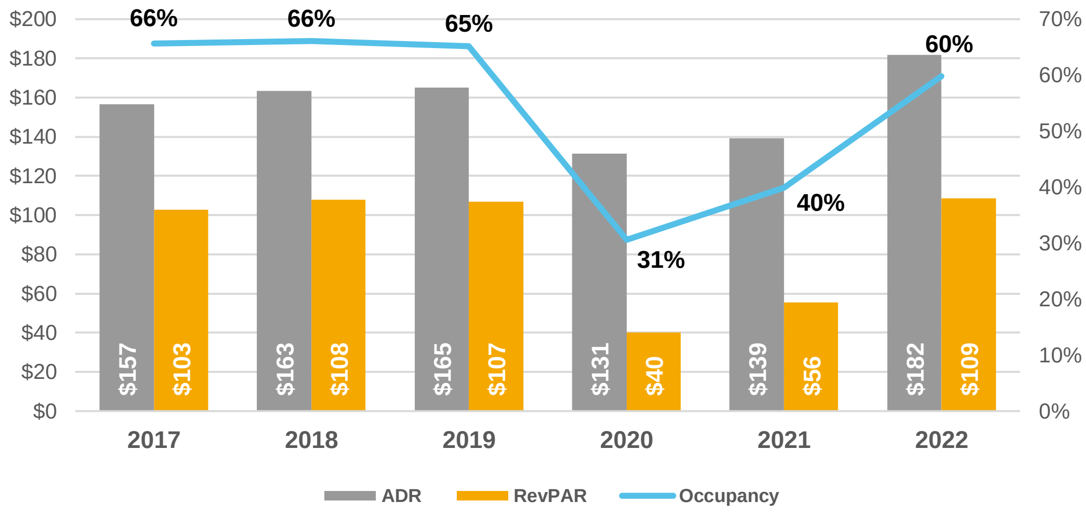
Looking forward to the ever-evolving needs of hotel consumers, we thought it would be appropriate to consider where the Canadian hotel industry is at with regards to independent and branded hotels coming out of the pandemic and heading into the future. Drawing on our internal database, STR and other resources, Horwath HTL presents the following overview compiling a sample of just over 7,100 Canadian hotels and close to 450,000 guestrooms. To present the data in a clear and structured manner, we have classified it according to the chain scales as defined by STR. We remain committed to supporting the hotel industry across various consulting and data needs.

Key Statistics	2022
Total number of chain hotels	**2,034**
Total number of independent hotels	**5,103**
Total chain rooms	**245,138**
Total independent rooms	**203,400**
Chain penetration % by hotels	**28%**
Chain penetration % by rooms	**55%**
Average size per chain hotel in rooms	**121**
Average size per independent hotel in rooms	**40**
Total number of brands	**126**
Total number of chains	**36**
Pipeline projects	**326**
Canadian occupancy	**60%**
Canadian ADR	**$182**
Canadian RevPAR	**$109**

Source: STR, compilation by Horwath HTL.

2. Key Performance Indicators – Canada

Referring to the graph above, we note that Canadian hotels registered occupancies between 65% and 66% heading into the pandemic. The health measures and restrictions in place for much of 2020 and 2021 resulted in occupancies declining to 31% in 2020 and 40% in 2021. With the health, safety and travel restrictions easing between 2021 and 2022, demand for accommodations increased steadily, resulting in an occupancy of 60% by year-end 2022. As for average daily rate, while the industry saw decreases in 2020 and 2021, hoteliers were quick to adjust as demand improved, resulting in an ADR of $182 in 2022, representing a $17, or 10%, improvement over 2019's result. The resulting revenues per available room ($109 in 2022) indicate that the hotel market has in fact caught up and surpassed its 2018 and 2019 results, the latter coming in at $108 and $107, respectively.



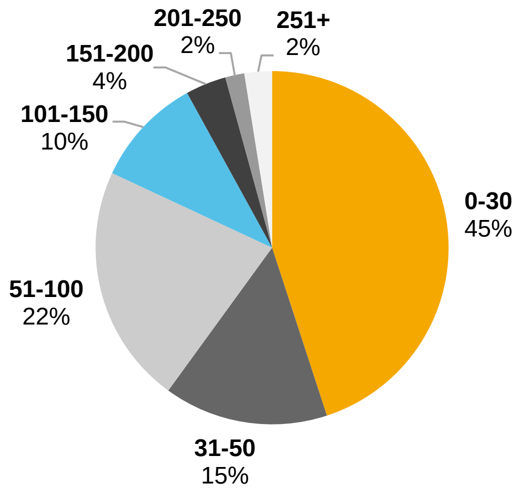
Source: STR, compilation by Horwath HTL.

3. Distribution of Establishments by Size

It is worth noting that a significant proportion of the Canadian hotel inventory comprises hotels with less than 50 rooms (60% of all hotel 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 limited.



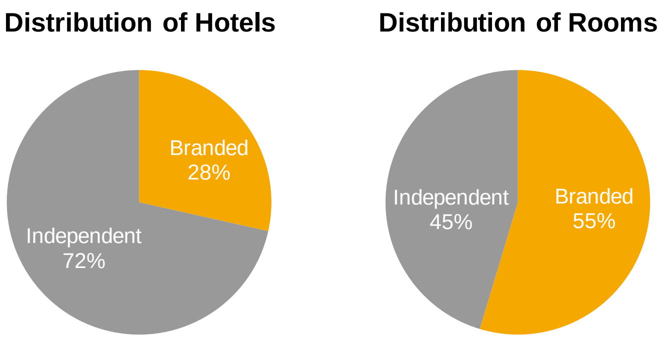
Source: STR, compilation by Horwath HTL.

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.

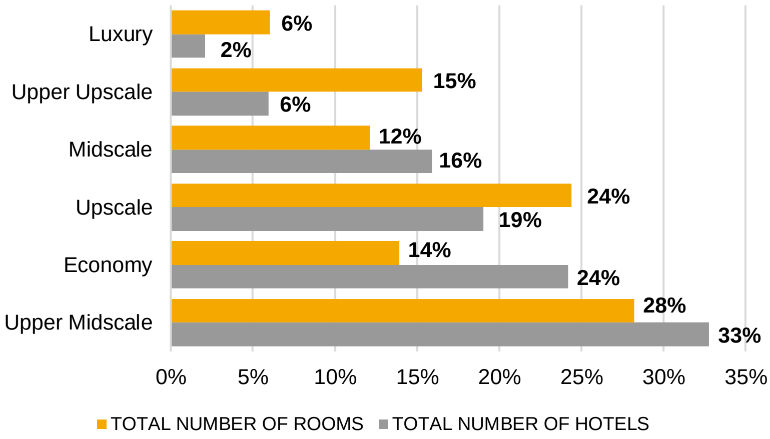
4. Distribution of Establishments by Scale

While the majority of hotels (72% of all establishments) are operated as independent properties and comprise an average of 40 guestrooms per establishment, we note that branded hotels make up the largest proportion of guest units, accounting for 55% of total guestrooms 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 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 economy, midscale, and upscale brands are relatively similar in terms of guestrooms within the Canadian hotel inventory.



Source: STR, compilation by Horwath HTL.



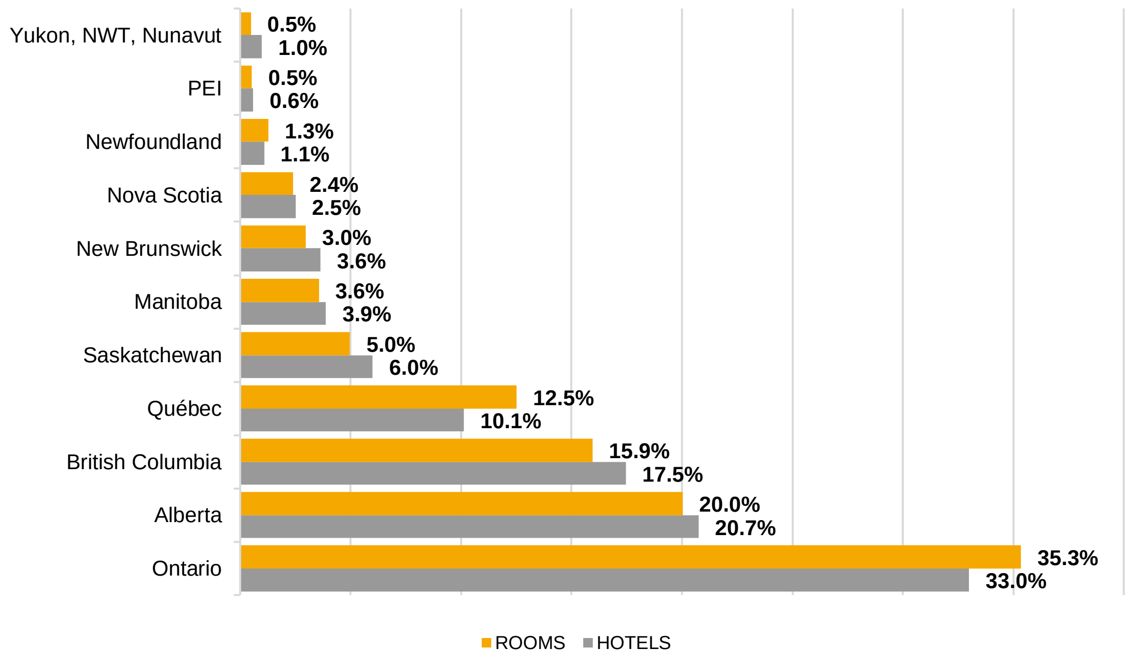
Source: STR, compilation by Horwath HTL.

5. Canadian Hotel Brands

In addition to the presence of global hotel brands in Canada, the country is also home to several national hotel brands. Interestingly, these Canadian brands tend to have little to no representation within the United States, making them a distinctive feature within the Canadian hotel landscape. Canadian brands make up approximately 10% of the total hotel inventory nationally. This indicates the strength and importance of the Canadian hotel industry and highlights the potential for further growth and development of domestic hotel brands.

6. Hotels and Room Distribution by Province

A significant majority of the hotel rooms in Canada are located within four provinces: Ontario, Alberta, British Columbia, and Quebec. Together, these provinces account for close to 84% of the total number of rooms across the country.



Source: STR, compilation by Horwath HTL.

7. Top 10 Chain Brands by Chain Scale

Economy Brands

Rank	Economy	Hotels	Rooms
1	Days Inn	104	8,149
2	Super 8	122	7,934
3	Travelodge	100	7,851
4	Motel 6	33	2,287
5	Microtel Inn & Suites by Wyndham	26	2,265
6	Econo Lodge	41	2,071
7	Howard Johnson	18	1,207
8	Knights Inn	18	571
9	SureStay Plus	7	523
10	Rodeway Inn	9	510

Source: STR, compilation by Horwath HTL.

Upscale Brands

Rank	Upscale	Hotels	Rooms
1	Delta Hotel	40	10,398
2	Courtyard by Marriott	35	5,917
3	Four Points by Sheraton	34	4,964
4	DoubleTree by Hilton	22	4,897
5	Hilton Garden Inn	29	4,556
6	Residence Inn by Marriott	25	3,594
7	Coast Hotels	30	3,368
8	Homewood Suites by Hilton	23	2,644
9	Radisson by Choice	13	2,159
10	Ascend Collection	25	2,105

Source: STR, compilation by Horwath HTL.

Midscale Brands

Rank	Midscale	Hotels	Rooms
1	Quality Inn	88	7,564
2	Ramada	75	7,154
3	Sandman	38	5,347
4	Best Western	58	4,835
5	Canadas Best Value Inn	21	1,037
6	Lakeview	13	954
7	Wingate by Wyndham	8	822
8	Rodd Hotel	7	804
9	Baymont	6	403
10	Sleep Inn	4	246

Source: STR, compilation by Horwath HTL.

Upper Upscale Brands

Rank	Upper Upscale	Hotels	Rooms
1	Sheraton Hotel	18	7,962
2	Marriott	16	5,733
3	Hilton	14	5,454
4	Westin	14	5,238
5	Sandman Signature	14	3,355
6	Autograph Collection	10	1,735
7	Hyatt Regency	3	1,399
8	Embassy Suites by Hilton	4	1,240
9	Pan Pacific	4	1,116
10	Omni	2	600

Source: STR, compilation by Horwath HTL.

Upper Midscale Brands

Rank	Upper Midscale	Hotels	Rooms
1	Holiday Inn Express	114	11,972
2	Best Western Plus	117	11,764
3	Comfort Inn	141	11,626
4	Holiday Inn	51	8,703
5	Hampton by Hilton	67	7,537
6	Fairfield Inn by Marriott	30	3,388
7	TownePlace Suites by Marriott	20	2,258
8	Trademark Collection by Wyndham	15	1,941
9	Canalta Hotels	24	1,772
10	Quality	15	1,473

Source: STR, compilation by Horwath HTL.

Luxury Brands

Rank	Luxury	Hotels	Rooms
1	Fairmont	19	9,673
2	InterContinental	2	941
3	JW Marriott	3	896
4	Four Seasons	3	715
5	W Hotel	2	406
6	Ritz-Carlton	2	392
7	Shangri-La	2	321
8	St. Regis	1	258
9	Sofitel	1	256
10	The Unbound Collection	1	226

Source: STR, compilation by Horwath HTL.

8. Ranking by Destination

Top 20 Independent Hotels

Montreal takes the lead in terms of the largest number of independent hotels (105 properties) and rooms (7,809 rooms), followed by Toronto, Vancouver, and Quebec City, respectively. Smaller cities such as Canmore, Grande Prairie and Penticton also made it to the top 20 list in terms of rooms within independent hotels.

Top 20 Branded Hotels

Meanwhile, Toronto has the largest number of branded hotel rooms in Canada, with a total of 18,768 units, followed by Calgary with 12,840 units, and this despite having the largest number of hotels. Montreal, Edmonton, and Niagara Falls, respectively, rank next in terms of branded hotel room availability.

INDEPENDENT			
Rank	**City**	**Hotels**	**Rooms**
1	Montreal	105	7,809
2	Toronto	66	6,258
3	Vancouver	48	5,402
4	Quebec City	89	5,356
5	Niagara Falls	79	4,329
6	Banff	38	3,737
7	Victoria	56	3,461
8	Ottawa	29	2,997
9	Calgary	19	2,667
10	Edmonton	37	2,610
11	Whistler	36	2,224
12	Halifax	21	2,203
13	Canmore	33	1,938
14	Jasper	24	1,877
15	Winnipeg	33	1,860
16	Mont-Tremblant	21	1,700
17	Kelowna	22	1,593
18	Grande Prairie	13	1,467
19	Penticton	36	1,454
20	Fort McMurray	15	1,426

Source: STR, compilation by Horwath HTL.

BRANDED			
Rank	**City**	**Hotels**	**Rooms**
1	Toronto	65	18,768
2	Calgary	80	12,840
3	Montreal	55	11,972
4	Edmonton	64	10,334
5	Niagara Falls	41	8,474
6	Vancouver	29	8,002
7	Ottawa	41	7,466
8	Mississauga	48	7,292
9	Winnipeg	46	6,104
10	Saskatoon	30	4,013
11	Quebec City	20	3,631
12	Richmond	18	3,378
13	Regina	25	3,173
14	London	22	2,709
15	Halifax	19	2,689
16	St John's	15	2,574
17	Moncton	20	2,259
18	Kelowna	17	2,188
19	Markham	14	2,176
20	Victoria	16	2,159

Source: STR, compilation by Horwath HTL.

Top 20 Chains by Size

Marriott International leads the marketplace in terms of number of hotels guestrooms in Canada, coming in with 55,578 units. In terms of number of hotels, its Wyndham Hotels & Resorts that heads up the list, 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	266	55,578
2	Wyndham Hotels & Resorts	484	39,220
3	Choice Hotels International, Inc.	364	30,592
4	Hilton Worldwide	174	28,010
5	IHG Hotels & Resorts	188	24,793
6	Best Western Hotels & Resorts	217	20,081
7	Accor	29	11,077
8	Northland Properties	52	8,702
9	Hyatt Hotels Corporation	19	3,971
10	APA Hotels International	30	3,368
11	Germain Hotels[1]	18	2,581
12	G6 Hospitality LLC	35	2,473
13	Sonesta International Hotels Corp	41	1,940
14	Nova Hotels	13	1,933
15	Canalta Hotels	24	1,772
16	Prestige Hotels & Resorts	14	1,338
17	Pan Pacific	4	1,116
18	Canad Inns	9	962
19	Lakeview Hotels & Resorts	13	954
20	Gouverneur Hotels	6	834

Source: STR, compilation by Horwath HTL.
**Includes Germain Hotels, Alt Hotels and Escad Hotels.*

Top 30 Brands by Size

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

Brands			
Rank	**Chain Groups**	**Hotels**	**Rooms**
1	Holiday Inn Express	114	11,972
2	Best Western Plus	117	11,764
3	Comfort Inn	141	11,626
4	Delta Hotel	40	10,398
5	Fairmont	19	9,673
6	Holiday Inn	51	8,703
7	Days Inn	104	8,149
8	Sheraton Hotel	18	7,962
9	Super 8	122	7,934
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16	Hilton	14	5,454
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20	DoubleTree by Hilton	22	4,897
21	Best Western	58	4,835
22	Hilton Garden Inn	29	4,556
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24	Fairfield Inn by Marriott	30	3,388
25	Coast Hotels	30	3,368
26	Sandman Signature	14	3,355
27	Homewood Suites by Hilton	23	2,644
28	Motel 6	33	2,287
29	Microtel Inn & Suites	26	2,265
30	TownePlace Suites by Marriott	20	2,258

Source: STR, compilation by Horwath HTL.

Top 20 Destination Pipeline

According to our review of the STR pipeline, the following hotel projects are classified under the following headings: planning, final planning. In construction or unconfirmed. There are 326 hotel projects expected to open within the next four years. Ontario has largest number of projects and rooms within the pipeline, with Toronto leading the way (29 hotel projects and 4,840 rooms). Niagara follows with 2,904 rooms planned, while Mississauga is third on the list with 1,740 rooms.

Rank	City	Projects	Rooms
1	Toronto	29	4,840
2	Niagara Falls	8	2,904
3	Mississauga	16	1,740
4	Calgary	13	1,683
5	Vancouver	8	1,581
6	Ottawa	9	1,366
7	Vaughan	10	1,355
8	Richmond	8	1,251
9	Montreal	6	835
10	Kelowna	5	743
11	Oakville	7	623
12	Victoria	4	562
13	Edmonton	5	474
14	Cambridge	4	458
15	Whitehorse	4	441
16	Ajax	4	425
17	Kamloops	4	383
18	Thunder Bay	4	382
19	Woodstock	4	352
20	Grande Prairie	4	345

Source: STR, compilation by Horwath HTL.

Top 20 Brand Pipeline

Independent hotels account for 20% of rooms within the pipeline. Hampton by Hilton leads the way in terms of the number of hotel projects and projected rooms, followed by Holiday Inn Express and Microtel Inn & Suites by Wyndham. A total of 39,117 rooms are expected to be added within the next four years.

Rank	Brand	Projects	Rooms
1	Independent	52	7,658
2	Hampton by Hilton	24	2,774
3	Holiday Inn Express	19	2,054
4	Microtel Inn & Suites	20	1,757
5	TownePlace Suites by Marriott	16	1,751
6	Fairfield Inn by Marriott	18	1,715
7	Hyatt Place	11	1,695
8	Ramada	17	1,614
9	Home2 Suites by Hilton	15	1,591
10	Autograph Collection	2	1,340
11	Courtyard by Marriott	8	1,230
12	Tru by Hilton	11	1,072
13	Super 8	12	1,002
14	MOXY	4	861
15	Hyatt House	6	844
16	Staybridge Suites	7	786
17	Comfort Inn	9	693
18	Four Points by Sheraton	6	599
19	Residence Inn by Marriott	5	539
20	Hilton Garden Inn	3	533

Source: STR, 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 Quebec 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 Quebec.

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Since 1990, Peter has supervised the market analysis side of the Montreal office's hotel division, having completed numerous market studies, operational reviews, valuations and appraisals for hotel developments across Quebec, Ontario and Atlantic Canada and, as well within Mexico, Costa Rica, Dominican Republic and French Polynesia. Maintaining the firm's rigorous quality control and high-quality deliverables, Peter has completed over 750 hotel market studies, valuations and appraisals over the past 15 years.

Nathalia Castilho | Consultant-Analyst
Horwath HTL Canada | ncastilho@horwathhtl.com

Nathalia brings over a decade of invaluable hotel industry experience to her new 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 Montreal, 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 guest experience.

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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 hotel, tourism and leisure consulting.

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