CBRE HOTELS is a specialized hospitality and tourism advisory group within CBRE.

Provides owners, operators, financial institutions, developers and investors in the hotel sector with a single global source for lodging and hospitality brokerage, valuation, consulting, research and capital markets services.

Comprised of 375 dedicated hospitality professionals located in 60 offices worldwide.

CBRE Hotels Canadian practice is comprised of 23 professionals with offices in Toronto, Montreal, Calgary and Vancouver.

CBRE Hotels maintains the only proprietary databases on the accommodation industry in Canada.
TODAY’S DISCUSSION

GTHA ECONOMIC IMPACT STUDY, December 2015
• Economic Impact Study – to provide overview of the GTA lodging sector and quantify its economic contribution to the Greater Toronto Area’s GDP, labour force and taxes
• Analysis focused on the “big picture” level of the Greater Toronto Area, with further details for the City of Toronto and Downtown Toronto

GTHA COMPARATIVE CITY HOTEL OPERATIONS RESEARCH, September 2016
• Analysis of how Downtown Toronto’s hotel market performance compares with 15 other downtown hotel markets in 2015, in terms of cost of doing business and industry profitability
• Analysis of Toronto’s Airbnb industry

• CBRE HOTELS MARKET OUTLOOKS

• CBRE NATIONAL MARKET AND FINANCIAL DATABASES
DEFINING THE GREATER TORONTO HOTEL MARKET
HOTEL INVENTORY IN THE GREATER TORONTO AREA

GTHA Membership
212 hotels offering
38,830 rooms (2014)

Total GTA Supply
44,180 rooms (2015)
HOTEL INVENTORY IN THE CITY OF TORONTO

108 hotels offering 25,280 rooms (2015)
SIZE OF GTA HOTEL INVENTORY

Greater Toronto Accommodation Supply by Submarket

<table>
<thead>
<tr>
<th>Market</th>
<th>Properties</th>
<th>Rooms</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Toronto</td>
<td>61</td>
<td>16,741</td>
<td>38%</td>
</tr>
<tr>
<td>Rest of Toronto</td>
<td>47</td>
<td>8,540</td>
<td>19%</td>
</tr>
<tr>
<td>City of Toronto</td>
<td>108</td>
<td>25,281</td>
<td>57%</td>
</tr>
<tr>
<td>Total GTA</td>
<td>44,176</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CBRE Hotels
LARGEST HOTEL MARKET IN CANADA

Top 10 Hotel Markets in Canada

Source: CBRE Hotels
HISTORIC HOTEL SECTOR PERFORMANCE 2000-2015

CBRE HOTELS
The World’s Leading Hotel Experts.
HISTORIC GROWTH IN SUPPLY

Total GTA Hotel Rooms


GTA

City of Toronto

Source: CBRE Hotels
Total GTA Supply and Demand

Room Nights in Millions

Source: CBRE Hotels
Total City of Toronto Supply and Demand

Room Nights in Millions

Source: CBRE Hotels
GTA HOTEL MARKET SEGMENTATION - 2014
HOTEL MARKET SEGMENTATION - 2014

GTA Hotel Market Segmentation

Source: CBRE Hotels
COMPETITIVE DESTINATION PERFORMANCE ANALYSIS

CBRE HOTELS
The World’s Leading Hotel Experts.
TORONTO VERSUS 15 COMPETITIVE DESTINATIONS

Comparable US and Canadian Destinations’ Top Line Performance - 2015

Source: CBRE Hotels
Comparative Analysis: Toronto vs. Selected U.S. and Canadian Destinations' Total Revenue Performance - 2015

San Francisco @ $154,215 per room

Toronto @ $80,780 per room

Source: CBRE Hotels
COMPARABLE US AND CANADIAN DESTINATIONS’ TOTAL OPERATING EXPENSE PERFORMANCE - 2015

TORONTO VERSUS 15 COMPETITIVE DESTINATIONS

Total Expense Breakdown Per Available Room - $CDN 2015

Note: Sales and Marketing expenses inclusive of Franchise Fees

Source: CBRE Hotels
T ORONTO VERSUS 15 COMPETITIVE DESTINATIONS

Comparable US and Canadian Destinations’ Profitability - 2015

NOI and ADR - $CDN
2015

Note: Sales and Marketing expenses inclusive of Franchise Fees
Source: CBRE Hotels’ national Monthly Trends database (Canadian City ADRs) and STR Inc. data (U.S. City ADRs - converted to $CDN)

Source: CBRE Hotels

CBRE HOTELS
The World’s Leading Hotel Experts.
CAPITAL INVESTMENTS AND RE-INVESTMENTS IN HOTELS
Capital Investment in New Built Hotels by Market in $Millions (2000-2015 YTD)

Source: CBRE Hotels

Downtown Toronto  City of Toronto (excl. Downtown)  GTHA Market (outside City of Toronto)
HOTEL CAPITAL EXPENDITURE EXPECTATIONS

Hotel Capital Expenditure Expectations - 2016

- 63% Substantive Renovation
- 29% Typical FF&E Expenditure
- 8% Minimal FF&E Expenditure

Source: CBRE Hotels
• Since 2000, 13,100 rooms have built in GTA, at an average construction cost of $204,300 per room and total capital investment of $2.7 Billion.

2015 data shows significant growth in capital replacement levels across GTA with Re-investment/renovation levels ranging from $15,100 per room for the average GTA hotel to $19,500 per room at the typical Downtown Toronto hotel.
ECONOMIC IMPACTS
## GTA ECONOMIC IMPACT OF HOTEL OPERATIONS

### Economic Impacts of Greater Toronto Hotels Operations - 2014

| Source: CBRE Hotels and Ontario Ministry of Tourism's TREIM Model |

<table>
<thead>
<tr>
<th>Hotel Operation Impacts</th>
<th>GTA 2014</th>
<th>Rest of Province 2014</th>
<th>TOTAL 2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$2,065</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Domestic Product (GDP)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$1,387</td>
<td>$23</td>
<td>$1,411</td>
<td>57%</td>
</tr>
<tr>
<td>Indirect</td>
<td>$329</td>
<td>$83</td>
<td>$411</td>
<td>17%</td>
</tr>
<tr>
<td>Induced</td>
<td>$426</td>
<td>$217</td>
<td>$643</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,143</td>
<td>$323</td>
<td>$2,465</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Labour Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$911</td>
<td>$15</td>
<td>$926</td>
<td>58%</td>
</tr>
<tr>
<td>Indirect</td>
<td>$217</td>
<td>$57</td>
<td>$273</td>
<td>17%</td>
</tr>
<tr>
<td>Induced</td>
<td>$260</td>
<td>$146</td>
<td>$406</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,388</td>
<td>$218</td>
<td>$1,606</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Employment (Jobs) (actual#)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>18,800</td>
<td>230</td>
<td>19,030</td>
<td>63%</td>
</tr>
<tr>
<td>Indirect</td>
<td>3,300</td>
<td>950</td>
<td>4,250</td>
<td>14%</td>
</tr>
<tr>
<td>Induced</td>
<td>4,300</td>
<td>2,650</td>
<td>6,950</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,400</td>
<td>3,830</td>
<td>30,230</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Direct Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$364</td>
<td>$4</td>
<td>$368</td>
<td>41%</td>
</tr>
<tr>
<td>Provincial</td>
<td>$346</td>
<td>$3</td>
<td>$349</td>
<td>39%</td>
</tr>
<tr>
<td>Municipal</td>
<td>$173</td>
<td>$1</td>
<td>$174</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$883</td>
<td>$9</td>
<td>$891</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$541</td>
<td>$62</td>
<td>$602</td>
<td>45%</td>
</tr>
<tr>
<td>Provincial</td>
<td>$466</td>
<td>$48</td>
<td>$514</td>
<td>39%</td>
</tr>
<tr>
<td>Municipal</td>
<td>$202</td>
<td>$13</td>
<td>$214</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,208</td>
<td>$122</td>
<td>$1,330</td>
<td>100%</td>
</tr>
</tbody>
</table>
VISITOR MARKET TO TORONTO – RTO 5
There were 28 Million visitors to RTO 5 in 2014 which contributed $8.3 Billion in spending.

10.7 M visits were generated by overnight travellers (38%).

Of the overnight visitors to RTO 5, approximately 47% stayed in commercial accommodation properties (5.0 M visits).
PERSON NIGHTS IN ROOFED ACCOMMODATION- 2013 & 2014

Definition:
2 people staying in 1 room overnight = 2 person nights or 1 occupied room night

Source: Ontario MTCS, Statistics Canada

Of the 44 Million Persons Nights to Toronto, those staying in commercial accommodations represent only 28% of the overnight visitor market
IMPACT OF TORONTO’S AIRBNB INDUSTRY
### DOWNTOWN TORONTO’S AIRBNB INDUSTRY

- Downtown Toronto’s total Airbnb ACTIVE UNITS listings represent over 40% of the size current hotel inventory in the City of Toronto.

- Downtown Toronto Airbnb industry generated $58 M in revenue in past 12 months ending June 2016.

- In the past year, Downtown Toronto’s Airbnb supply has grown by 80%. 2016 Downtown Toronto revenues are equivalent to the $60 M generated by the total GTA Airbnb sector in 2015.

Sources: AirDNA and CBRE Hotels

---

**Map:**

- Blue: Apartment, Loft or Condo
- Yellow: Entire House
- Green: Bungalow or Townhouse / B&B

---

**Sources:**

AirDNA and CBRE Hotels
COMPETITIVE DESTINATION ROOM AND PROPERTY TAX RATES
COMPETITIVE DESTINATION CONSUMER TAX RATES

AVERAGE 15.07%

Total Lodging Rate Ranking - 2014

Source: HVS Lodging Tax Report

CBRE HOTELS
The World’s Leading Hotel Experts.
COMPETITIVE DESTINATION PROPERTY TAX BURDENS

Property Tax per Room – 2014 ($CDN)

Source: CBRE Hotels
HOTEL CONTRIBUTIONS TO TORONTO’S DESTINATION MARKETING

CBRE HOTELS
The World’s Leading Hotel Experts.
HISTORIC GTA DESTINATION MARKETING

Estimate of Historic Tourism Toronto Budget – Breakdown by Funding Type in $Millions

$35.8 M 2017 Budget

City of Toronto Funding
GTHA/DMP Funding
DMFs
Other Tourism Toronto Sources
Provincial Funding

Source: Tourism Toronto Annual Reports, CBRE Hotels
POTENTIAL ROOM TAX IMPLICATIONS
IMPLICATIONS OF POTENTIAL ROOM TAX SCENARIOS

• ABILITY TO MAINTAIN DESTINATION COMPETITIVENESS
  • As a leisure tourism destination
  • As a M&C destination
  • As an economic development investment destination

• IMPACT OF REGIONAL COMPETITIVENESS
  • 19,000 rooms surrounding City of Toronto
  • 10,000 Airbnb rooms generating $58 M

• ABILITY TO GROW REVENUES AND INCREASE INDUSTRY PROFITABILITY
  • At $18,450 per available room, Toronto ranked 2nd lowest against 15 other competitive cities in terms of NOI in 2015
  • Lower revenues and higher operating expenses – especially utilities and property taxes

• ABILITY TO INFLUENCE FURTHER DEVELOPMENT AND RE-INVESTMENT
  • Since 2010, 6 new hotels built in the City with 1,560 rooms and 12 have closed with 1,470 rooms

• ABILITY TO MAINTAIN SUSTAINABLE DESTINATION FUNDING
  • Tourism Toronto’s requirement for $35 M in funding
QUESTIONS