HOSPITALITY INN**SIGHTS** Q3 2025

CUSHMAN & WAKEFIELD

Better never settles

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01 Canada Hotel **Performance Update**

A Record Summer For Hospitality

Destination Canada reported that the tourism sector generated a record $59 Billion in revenue between May and August 2025, a 6% increase from the same period last year. The growth was largely driven by Canadians travelling outside their home provinces, while international visitors boosted spending by 10%. Overall, domestic travellers accounted for 75% of Canadian tourism sector's total revenue, with the remaining 25% contributed by international travellers.

01 Canada Hotel **Performance Update**

Overview

Across Canada, YTD September 2025 results indicate continued strength in the national accommodation market. Supply growth remains limited, increasing by 0.5%, while demand has outpaced supply, which grew by 1.3%. Strong ADR growth has led to an increase in RevPAR of 4.7% over the first three quarters of the year.

In the third quarter of 2025, overall demand grew by 2.5%. ADR increased by 5%, resulting in overall RevPAR growth of 7% compared to the same quarter last year. This performance reflects strong occupancy and rate growth across most major markets during the peak summer months between July and September.

Year-to-Date (YTD) September 2025 (% change from YTD September 2024)

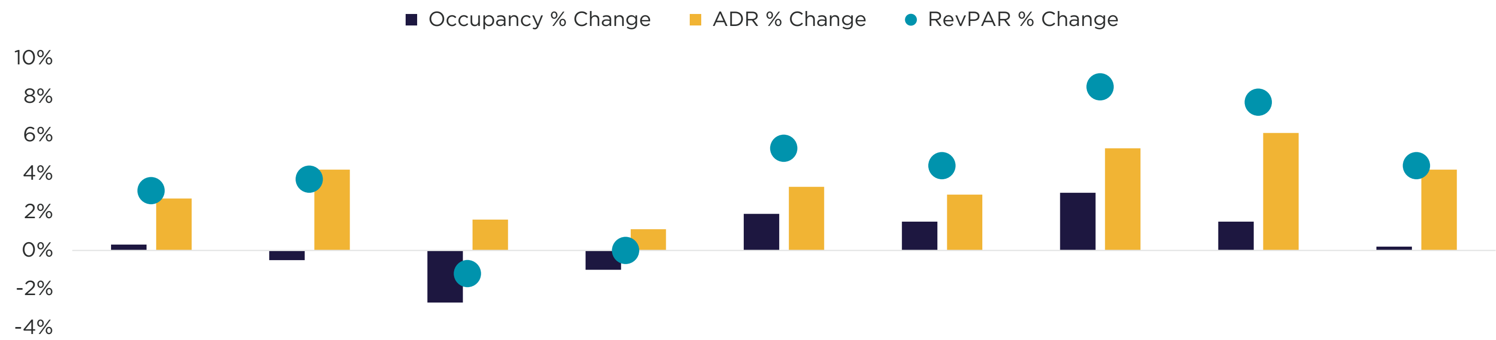
Occupancy:
67.8% (+0.8%)

Average Daily Rate (ADR):
$219.66 (+3.9%)

Revenue Per Available Room (RevPAR):
$148.90 (+4.7%)

Canadian Hotel Performance

KPIs % Change (Month in 2025 vs. Same Month Last Year)



2025	January	February	March	April	May	June	July	August	September
Occ	50%	58%	59%	63%	70%	76%	78%	81%	74%
ADR	$180	$189	$188	$190	$214	$239	$249	$250	$237
Rev PAR	$90	$109	$112	$120	$150	$181	$193	$202	$176

01 Canada Hotel **Performance Update**

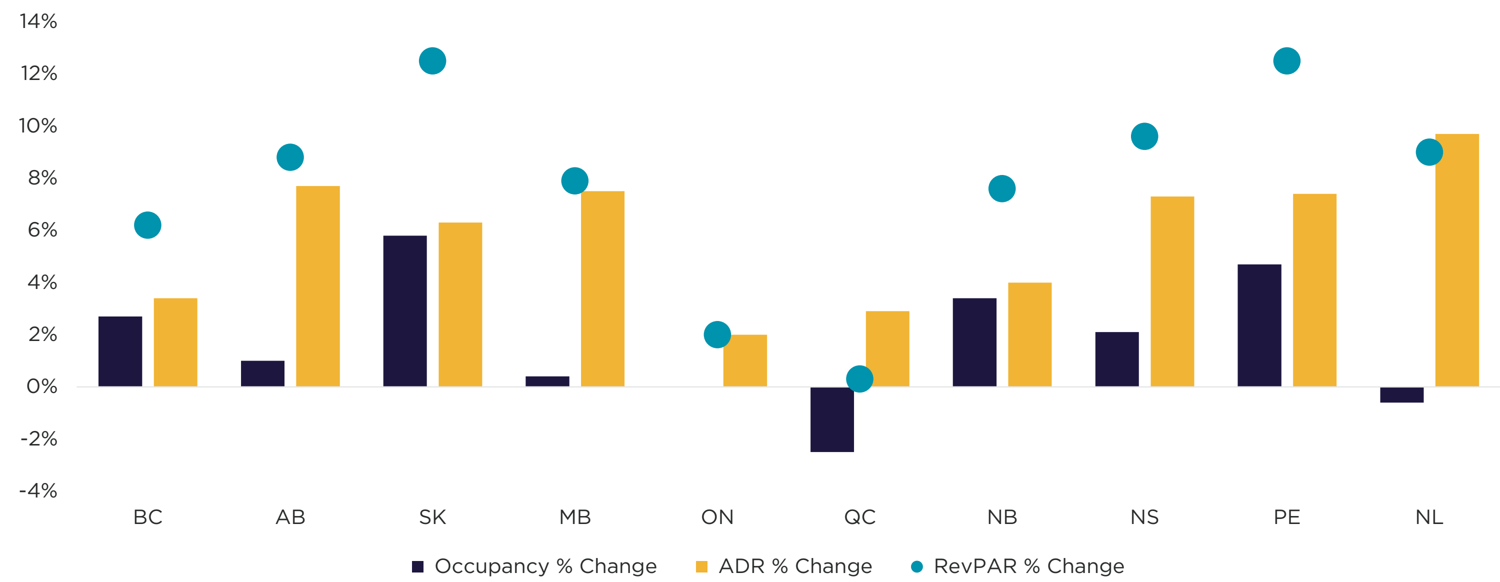
Provincial Performance

In the first nine months of 2025, all provinces recorded positive RevPAR performance. Although three of the 10 provinces showed RevPAR declines during the first half of the year, these provinces rebounded strongly over the summer tourism season. With the exception of Newfoundland and Labrador and Quebec, which reported negative occupancy, all provinces showed YTD growth in both occupancy and ADR.

The highest RevPAR growth in the first nine months of 2025 was observed in Saskatchewan (12.5%), Prince Edward Island (12.5%), and Nova Scotia (9.6%). This was followed by Newfoundland and Labrador (9%), Alberta (8.8%), Manitoba (7.9%), New Brunswick (7.6%), British Columbia (6.2%), Ontario (2%), and Quebec (0.3%).

Provincial Performance

KPIs % Change (YTD Sep 2025 vs. YTD Sep 2024)



Source: CoStar

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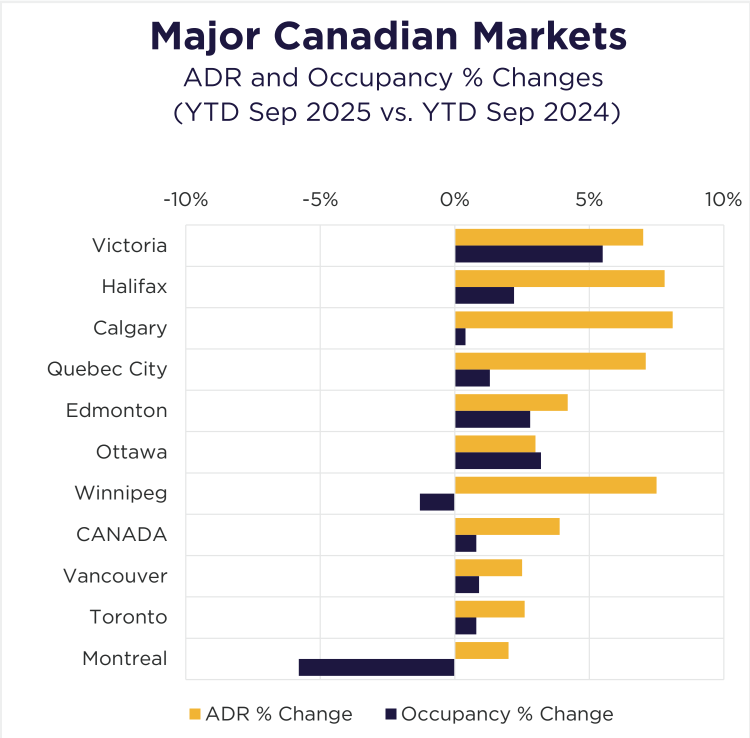
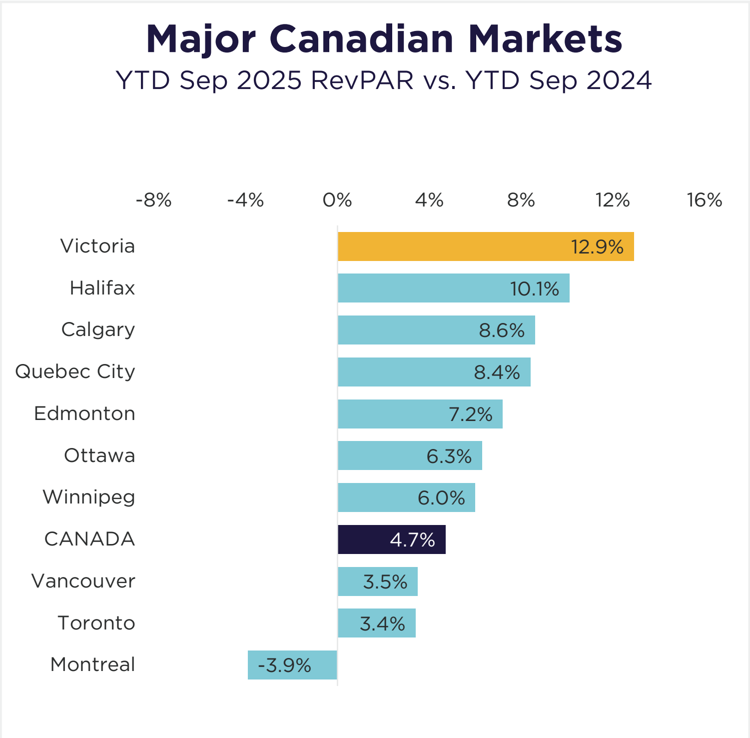
Major Canadian Markets Performance

In the first nine months of 2025, major market performance was generally positive, with all markets reporting growth in RevPAR except for Montreal. Montreal was the only major market to record a decline in RevPAR, primarily due to the combination of significant new hotel supply and removal of government contract demand in the airport submarket.





Source: CoStar

Coast-to-Coast Update

In the third quarter of 2025, performance across major markets was largely positive, with nine of the top 10 markets recording solid growth in occupancy, with even stronger growth in ADR. Montreal was the only exception, due to new supply and loss of government contracts in the Airport market as noted above.

The highest RevPAR growth in Q3 2025 was observed in Winnipeg (+24.7%), Halifax (+16.2%), and Victoria (+13%). Winnipeg benefited from a surge in demand, driven by the temporary housing of thousands of wildfire evacuees in Manitoba and across Western Canada. Meanwhile, Halifax saw increased visitation due to shifting travel patterns among Canadians, including fewer bookings to U.S. destinations in response to changes in U.S. policies and traveler sentiments, as well as expanded air service with more direct flights from several major Canadian cities. Victoria continued to experience a strong performance in 2025, recording one of the strongest summer seasons for hotels in the region over the past decade.

02 Small Luxury Inns and Resorts

Small Luxury Inns and Resorts

Following years of slow growth and delayed projects, hotel construction is ramping up again. One segment which is seeing significant expansion in the post-COVID period is the small hotels and resorts sector. While the luxury segment of the hotel market has grown worldwide over the past two decades, the post-COVID period has demonstrated that there is demand for small scale, luxury accommodations.

In Canada, we have seen the growth of these smaller properties through conversions of older assets and new developments, mostly in smaller markets. Established tourist destinations, as well as regions which can offer experiences and attractions, and which are proximate to urban areas, are prime locations for development of these leisure-oriented assets.

Key features of these developments include high quality room accommodation, upgraded amenities, upgraded food and beverage offerings, spas and recreation facilities. Resorts in this category will often offer both standard rooms and cabin accommodation. With the rapid expansion of the spa sector, and specifically thermal bathing facilities, many new resorts will incorporate these features as part of their offering.

While there is little data available on the total amount of new supply in this segment, during our research we have tracked over 20 projects in the pipeline across Canada. The average number of units varies from as small as 10 units to 50+ units. Most properties are completed to a high quality and high level of design with themes such as wellness, nature, gastronomy, etc.

These properties tend to cater primarily to leisure guests and small groups such as wedding parties and corporate retreats. Inns and resorts near major urban areas can perform at occupancies at or above Provincial averages. Resort properties located in more remote destination areas often perform at lower annual occupancy based on the seasonality of demand, typically in the range of 50-60%. This is contrasted with properties' ability to attract higher rates during peak periods. ADRs can exceed $500 per night and in some cases over $1,000 per night for cabin and suite accommodation. At these higher rates, rooms operations can be quite profitable despite lower occupancy. As for the amenities offered, these can add to the profitability of the operation but can range widely and often depends on the scale and abilities of management, as well as the level of service offered.

02 Small Luxury Inns and Resorts

New Developments

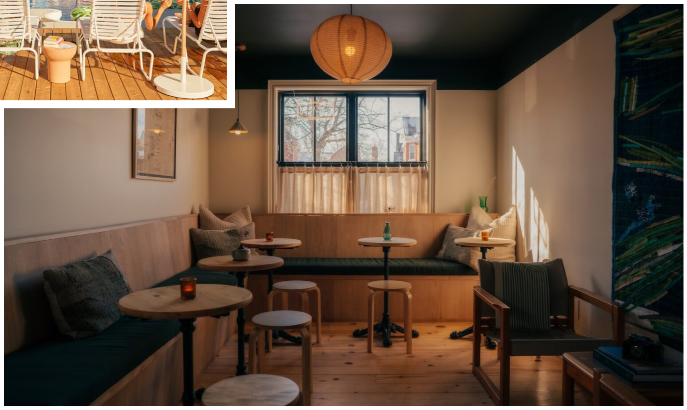
Development has mostly been focused on well-established tourist destinations and the revitalization or complete redevelopment of older properties. In Eastern Canada, development is concentrated within easy driving distance of major markets including Toronto, Ottawa, and Montreal. Many recent developments have included the conversion of a historic property or building and incorporate some level of spa amenities.

Some notable examples of newer inn and resort developments include:

- **Elora Mill Inn & Spa –** Opened in 2018, this luxury hotel and spa offers best in class accommodations, spa services, food & beverage, and meeting space. The property is a popular destination for meetings and weddings, and the spa is consistently ranked as one of North America's top spas. The property is within a redeveloped 19th-century mill and offers exceptional view of the Grand River.

- **Wander the Resort –** Located on the shores of West Lake in Prince Edward County, this property offers cabin accommodations, refined food & beverage, and a beach club. A new Nordic spa was opened this year, offering an added attraction to guests and locals alike. The property is completed to a high level of design and offers a warm, Nordic feel, as well as guest amenities such as fireplaces and private outdoor space.

- **The June Motels –** With properties in Sauble Beach and Prince Edward County, these upscale boutique properties have reinvented what a motel stay can be. The properties feature a bright and warm design and cater to leisure guests and small groups. The properties also offer plenty of programming to keep guests coming back – with group packages, special events, and festive themes.



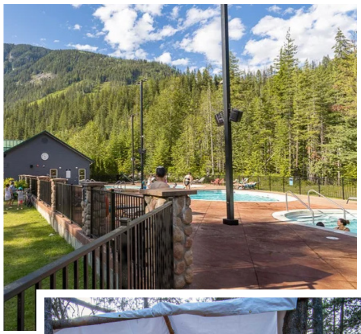
- **Somewhere Inns –** These two properties, in Calabogie and Collingwood, provide motel and inn-style accommodations in an upscale, modern motif. Both hotels provide areas on property to reconnect with nature, wine bars, as well as a sauna and cold plunge for an intimate Nordic experience. These hotels are pet- and kid-friendly and offer unique getaway options close to both the GTA and Ottawa.

02 Small Luxury Inns and Resorts

In Western Canada, development is being shaped by demand for nature experiences, flexibility of accommodation types, and investment in the outdoors-tourism infrastructure. Investors are responding by blending the boutique luxury lodging experience with the authenticity of outdoor camping, creating resorts that offer cabins, comfort camping and year-round amenities. This asset type underscores how remote resort operators are raising the bar to compete not just with camping but with boutique lodging and resorts as well.

Some examples in Western Canada include:

- Based out of Canmore in Alberta, **Basecamp Resorts** have expanded their portfolio rapidly since the COVID period through a series of acquisitions and conversions and new development. Examples include **Baker Creek** cabin resort in Lake Louise and the recently renovated **Everwild** Resort and Nordic Spa in Canmore.



- **Crazy Creek Resort** is nestled between Sicamous and Revelstoke along the Trans-Canada Highway, Crazy Creek Resort has undergone a major revitalization aimed at broadening its appeal and elevating guest comfort. Accommodation options now range from cozy studio and one-bedroom cabins to newly built two-bedroom units featuring full kitchens, outdoor firepits, and air conditioning — blending rustic charm with contemporary convenience.
- **Chute Lake Lodge** is situated in hills above Naramata and continues to evolve its backcountry offering. In recent years, the lodge added a collection of seasonal canvas tents, enabling it to expand summer capacity in a cost-effective and environmentally conscious way.
- **Boulder Mountain Resort** has transformed into a vibrant, contemporary mountain destination that embraces the growing appetite for unique and immersive lodging experiences. The resort now features a mix of stylish cabins, canvas tents, geo-domes, and minimalist "Forest Bunkies", offering guests a range of ways to connect with the surrounding wilderness.

Conclusion

The growth of small luxury inns and resorts is part of the evolution of the Canadian hospitality industry. While the segment offers a range of accommodation types and locations, the common element remains: quality design, materials and finishes, high levels of service, unique experiences and upgraded amenities. As in any new type of venture, this segment attracts those with a strong vision who will experiment with new types of offerings in new locations, meeting the needs of increasingly discerning customers who want unique experiences, in unique locations.

03 Featured **Transactions**

The hotel transaction market continues to demonstrate strength in 2025, with transaction activity in the first nine months of the year reaching over $1.8 Billion and projected to exceed $2 Billion by the end of the year. Strong investor interest and record pricing reflect the continued confidence in the sector going forward, supported by improvements in operating results.

Featured below are four transactions that closed in Q3.

Cambridge Suites Toronto

Where: Toronto, ON
Rooms: 231
Date: October 2025
Buyer: Manga Hotel Group

The buyer plans to renovate various hotel areas including guest suites, public areas, and exterior façade.

The Ritz-Carlton Toronto

Where: Toronto, ON
Rooms: 263
Per Room: ~$1.1M (reported)
Date: July 2025
Buyer: Pacific Reach Properties and Dilawri Group of Companies

Hotel occupies 20 stories in a 53-storey mixed-use tower comprising residential and hotel uses.

The hotel is brand managed by Marriott. The buyer plans to renovate various hotel areas including spa and wellness facilities, common areas, and conference spaces.

03 Featured **Transactions**

DoubleTree Fallsview Resort & Spa Niagara Falls

Where: Niagara Falls, ON
Rooms: 224
Date: July 2025
Buyer: Fallsview Group

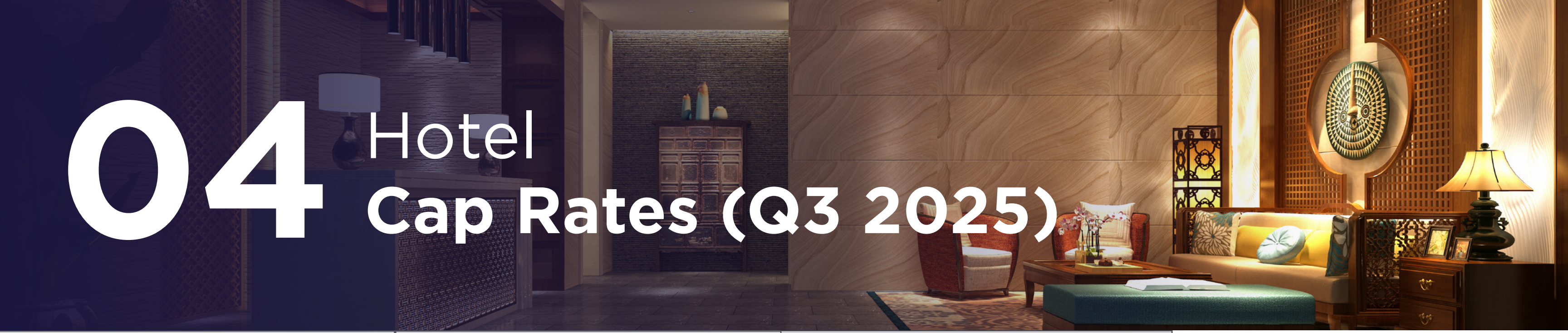
Share sale. Transaction included 2.17 acres of development land.

Residence Inn Moncton

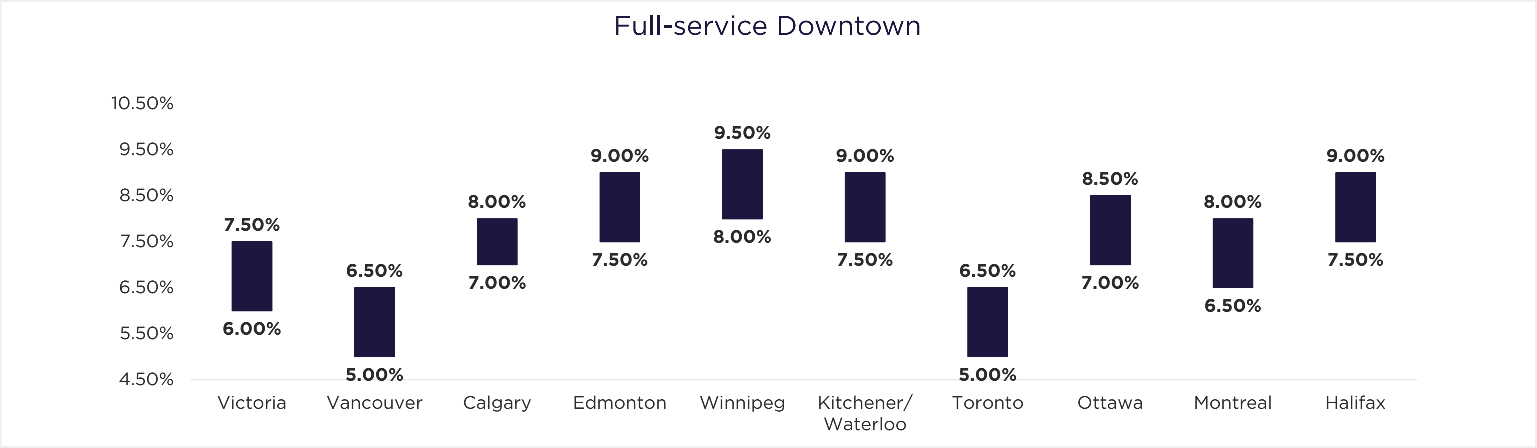
$28M

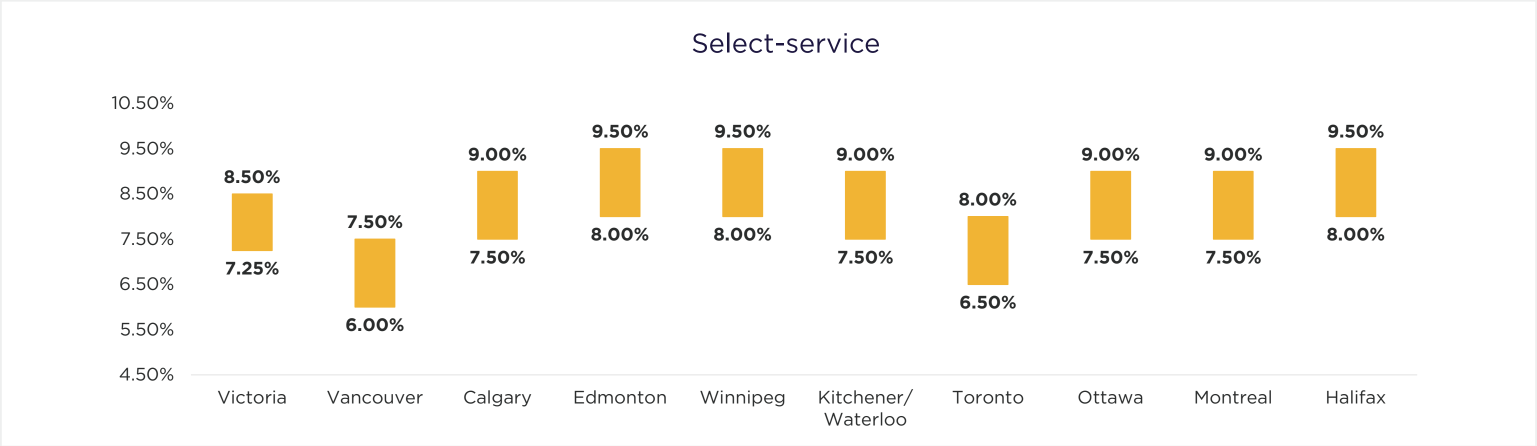
Where: Moncton, NB
Rooms: 133
Per Room: $211,000 (reported)
Date: July 2025
Buyer: Devansh Group of Hotels

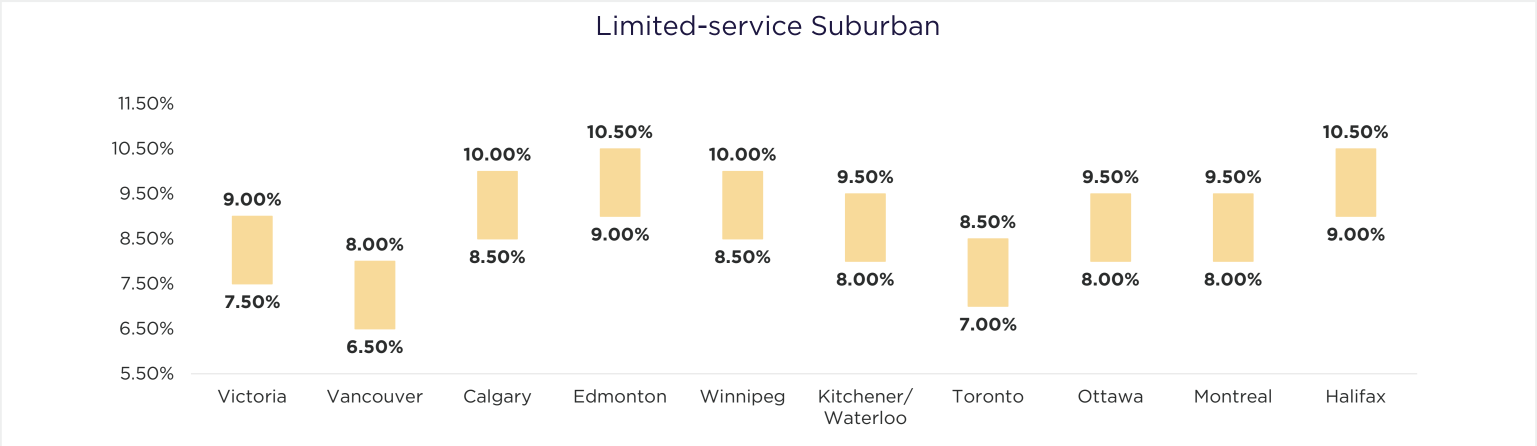
The buyer intends to renovate the hotel after purchase.



04 Hotel Cap Rates (Q3 2025)







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Cushman & Wakefield's Valuation & Advisory (V&A) practice is comprised of 500+ professionals across the Americas who provide clients with accurate, reliable valuations that guide intelligent debt and equity decisions in real-time. Our Valuation & Advisory expertise spans single-asset appraisals to complex real estate advisory and business valuations. We specialize in multiple asset classes requiring specific experience and technical knowledge. Exceptional research analytics, future-looking technology and highly credentialed professionals support our wide range of services, including:

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