



OGHA

**PKF OUTLOOK
FOR THE CANADIAN
LODGING SECTOR**

2011/2012

OCTOBER 19, 2011

AGENDA

- Factors Driving Industry Performance
- PKF's 2011/2012 National/Regional Industry Outlooks
- Ottawa-Gatineau Hotel Industry Outlook

Factors Driving Industry Performance



National Economic Outlook 2011/12

GDP Growth National	2010 Estimate	2011 Forecast	2012 Projection
Conference Board	3.3%	2.1%	2.4%
Scotiabank Group	3.2%	2.2%	2.1%
CIBC World Markets Inc.	3.2%	2.3%	2.3%
RBC Economics Research	3.2%	2.4%	2.5%

Source: Conference Board of Canada, Fall 2011 Forecast, Scotiabank Group – Global Forecast Update, Sep 1, 2011; CIBC World Markets – Monthly FX Outlook, Sep 19, 2011; RBC – Economic and Financial Market Outlook – September 2011

National Travel Outlook 2011/12

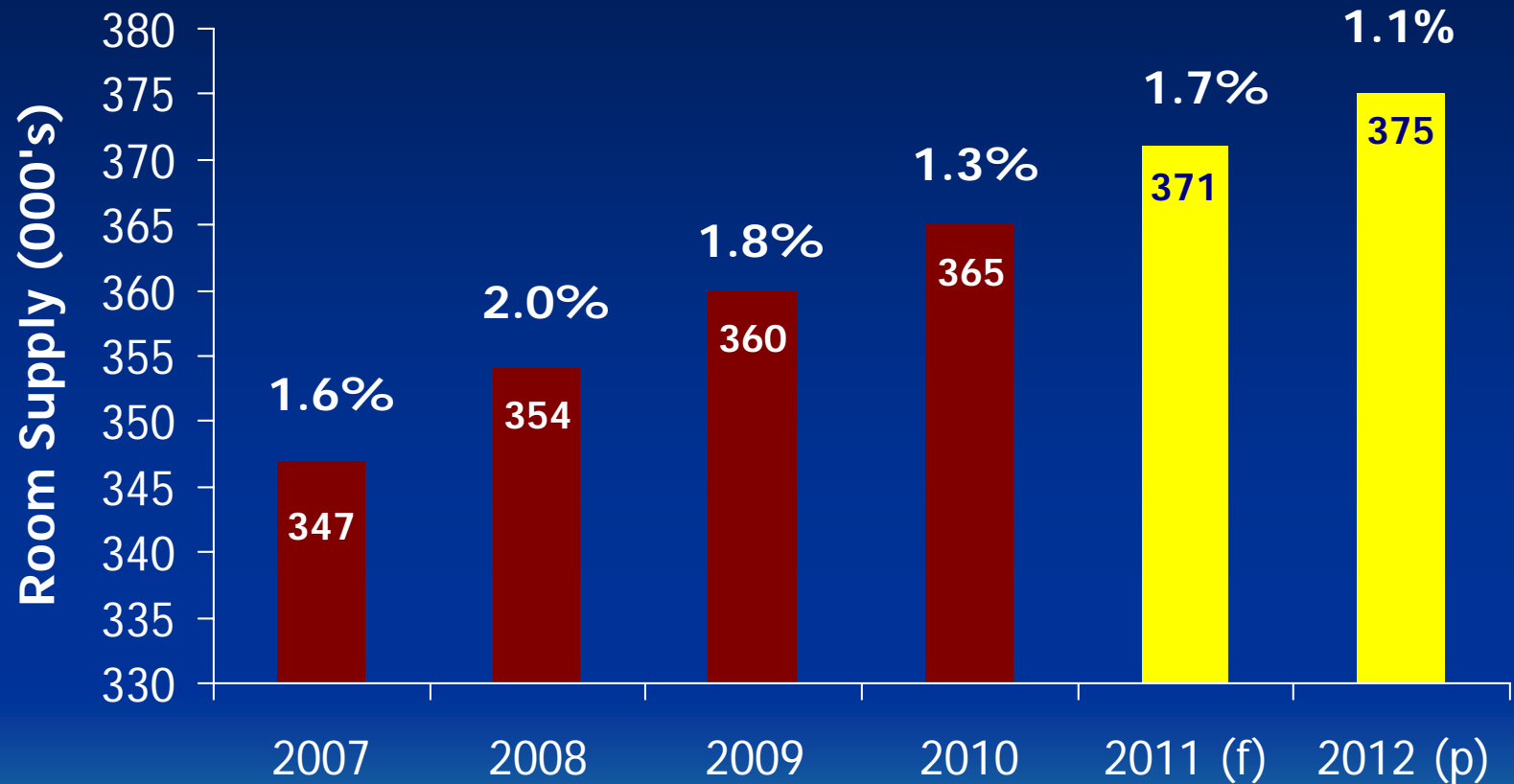
Overnight Travel	2010 Estimate	2011 Forecast	2012 Projection
Business Travel - Domestic		2.3%	2.3%
Pleasure Travel - Domestic		0.8%	1.9%
Total Domestic Travel		0.7%	1.8%
U.S. Travel		(1.5%)	(0.7%)
Overseas Travel		1.5%	2.6%
TOTAL OVERNIGHT TRAVEL	1.6%	0.5%	1.5%
National Accommodation Demand Growth	4.7%	3.5%	2.7%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2011 Forecast

National Market & Financial Outlooks



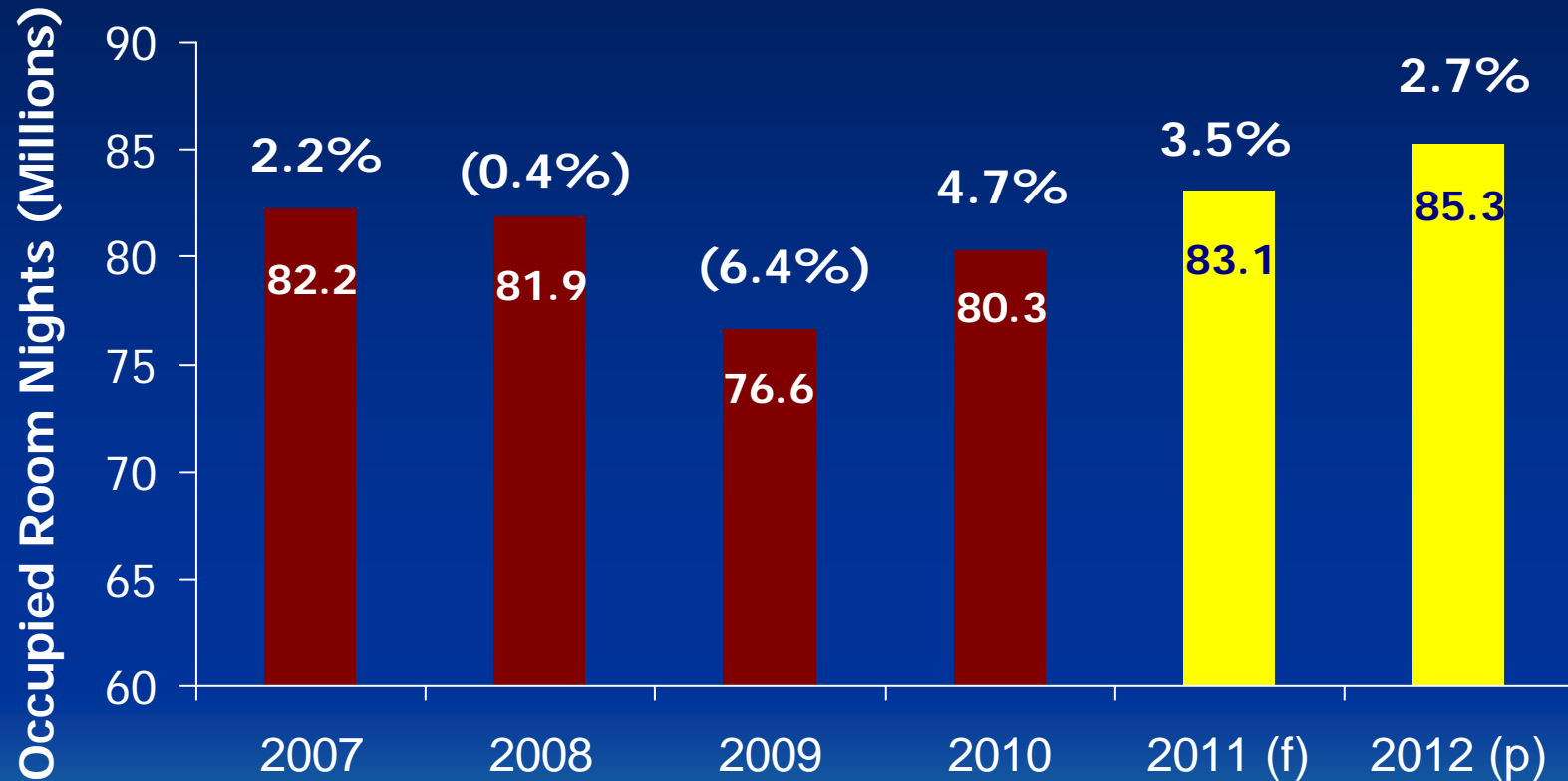
National Accommodation Supply



Note: Room supply is year round supply greater than 29 rooms.

Source: PKF Consulting Inc.

National Accommodation Demand



Source: PKF Consulting Inc.

National Market Outlook

	2009 Actual	2010 Actual	2011 Forecast	2012 Projection
Occupancy	58%	60%	61%	62%
ADR	\$125	\$128	\$128	\$131
RevPAR	\$73	\$77	\$78	\$81

Source: PKF Consulting Inc.

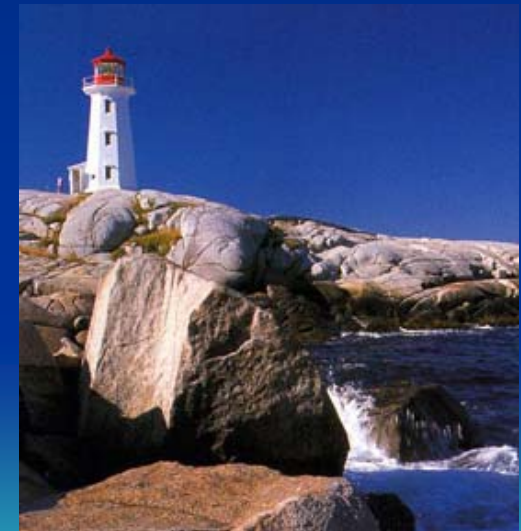
National Financial Outlook



NOTE: Adjusted Net Operating Income is defined as income after property taxes, insurance, management fees, franchise fees, and capital reserves; but before rent, interest, income taxes, depreciation and amortization.

Source: PKF Consulting Inc.

Regional Market & Financial Outlooks

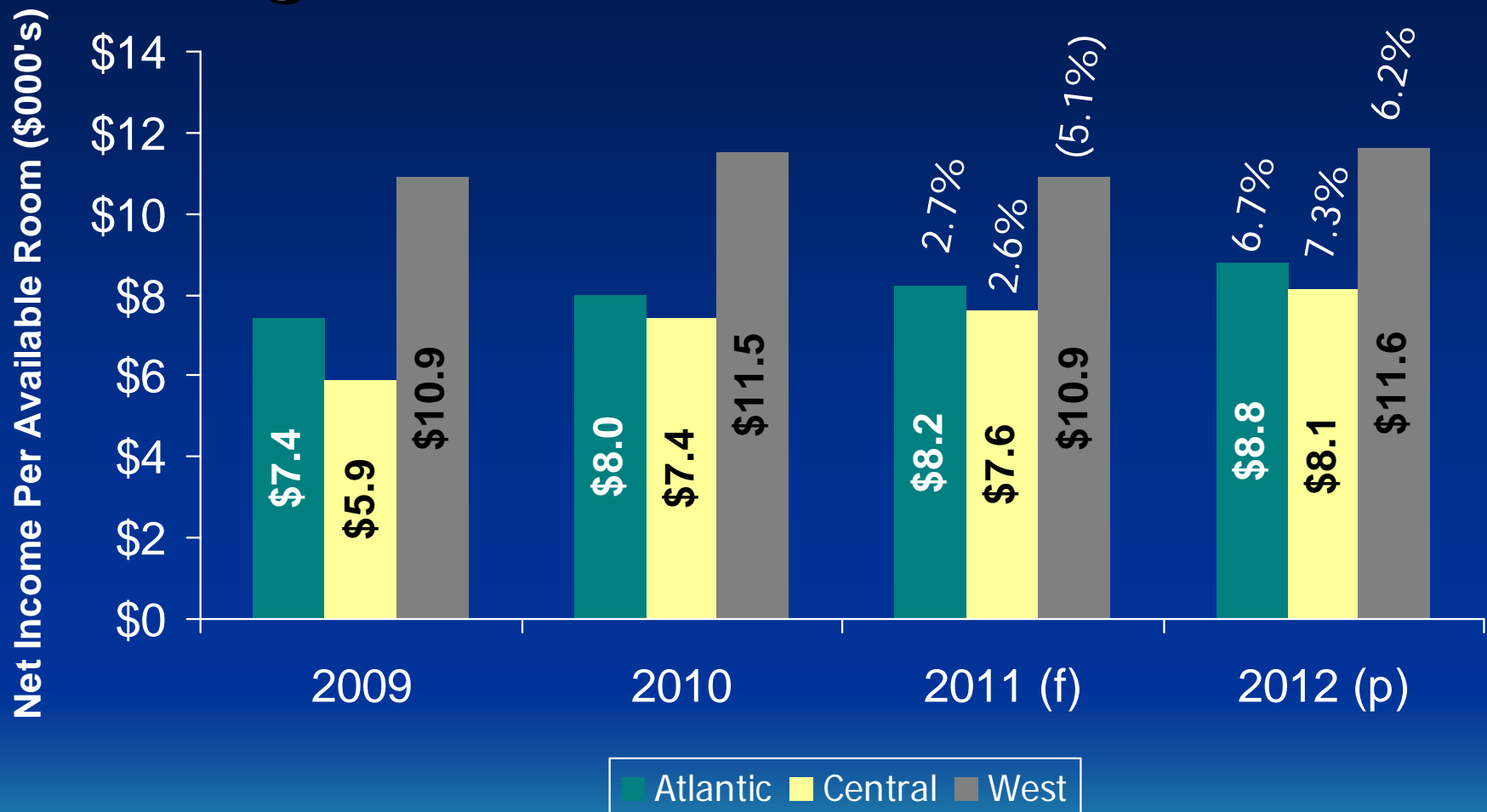


Regional Market Outlooks

	2009 Actual	2010 Actual	2011 Forecast	2012 Projection
Atlantic Canada	57%	58%	59%	60%
	\$117	\$117	\$119	\$122
RevPAR	\$67	\$68	\$71	\$73
Central Canada	57%	61%	62%	63%
	\$122	\$124	\$126	\$129
RevPAR	\$70	\$75	\$79	\$82
Western Canada	60%	60%	60%	61%
	\$129	\$133	\$130	\$133
RevPAR	\$77	\$80	\$79	\$81

Source: PKF Consulting Inc.

Regional Financial Outlook



Source: PKF Consulting Inc.

2012 Major Market Outlooks*



Toronto	4%	
Quebec City	4%	>3% RevPAR Growth
Edmonton	4%	
<hr/>		
Calgary	3%	
Ottawa	3%	3% RevPAR Growth
Montreal	3%	
Halifax	3%	
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Niagara Falls	2%	
Vancouver	2%	1-2% RevPAR Growth
Winnipeg	1%	

Source: PKF Consulting Inc.

Ottawa-Gatineau Hotel Industry Outlook

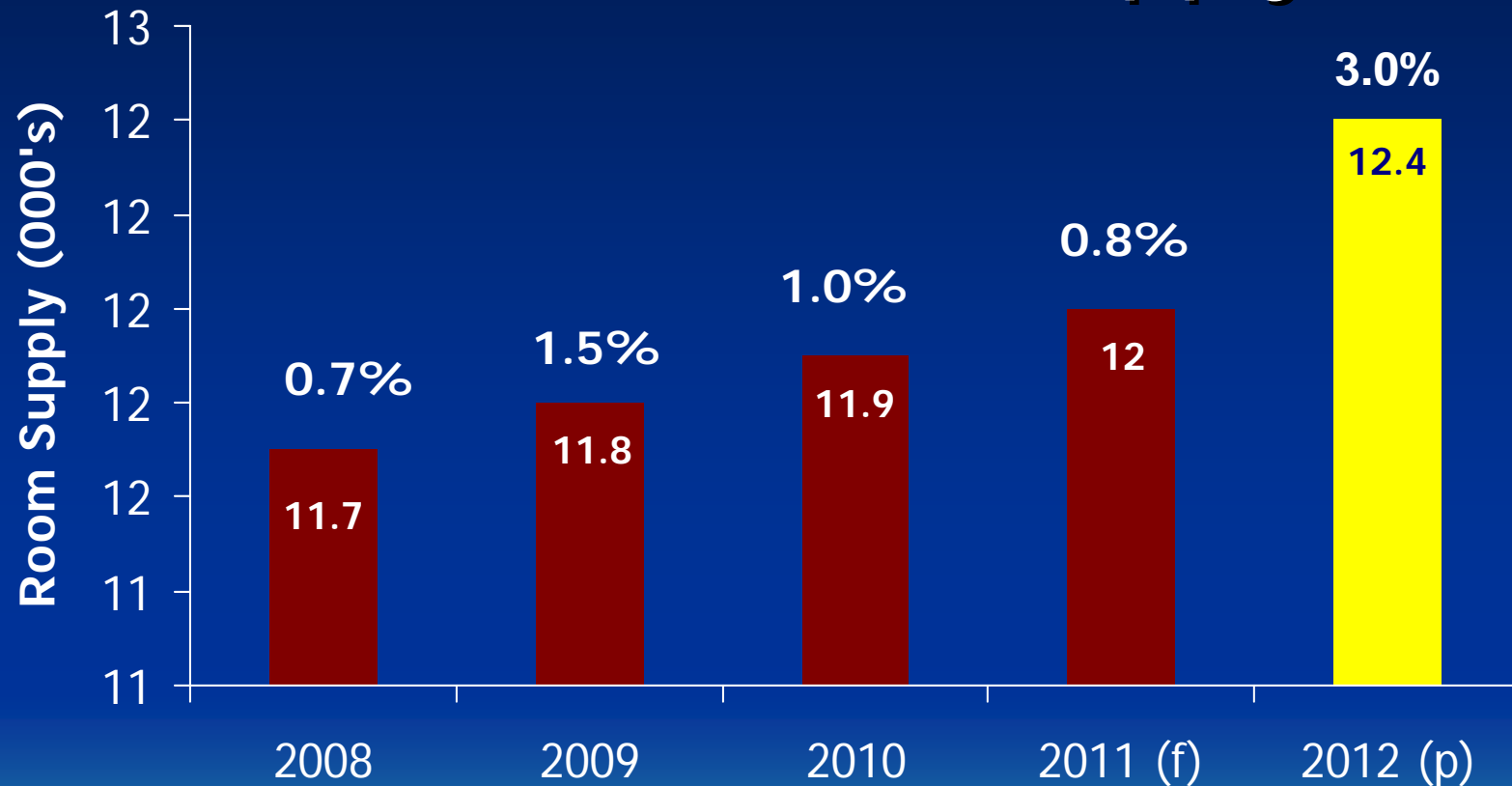


Ottawa Region Economic & Travel Indicators

	2010 Estimate	2011 Forecast	2012 Projection
GDP Growth	2.8%	2.4%	2.4%
Business Travel Overnight Domestic		2.3%	1.9%
Pleasure Travel Overnight Domestic		0.5%	1.6%
U.S. Overnight Travel		(2.0%)	(1.2%)
Overseas Overnight Travel		4.2%	2.8%
TOTAL OVERNIGHT TRAVEL	(0.8%)	0.6%	1.6%
Ottawa Accommodation Demand Growth	3.3%	4.2%	3.0%

Source: Canadian Tourism Research Institute, Conference Board of Canada, Fall 2011 Forecast (Preliminary)

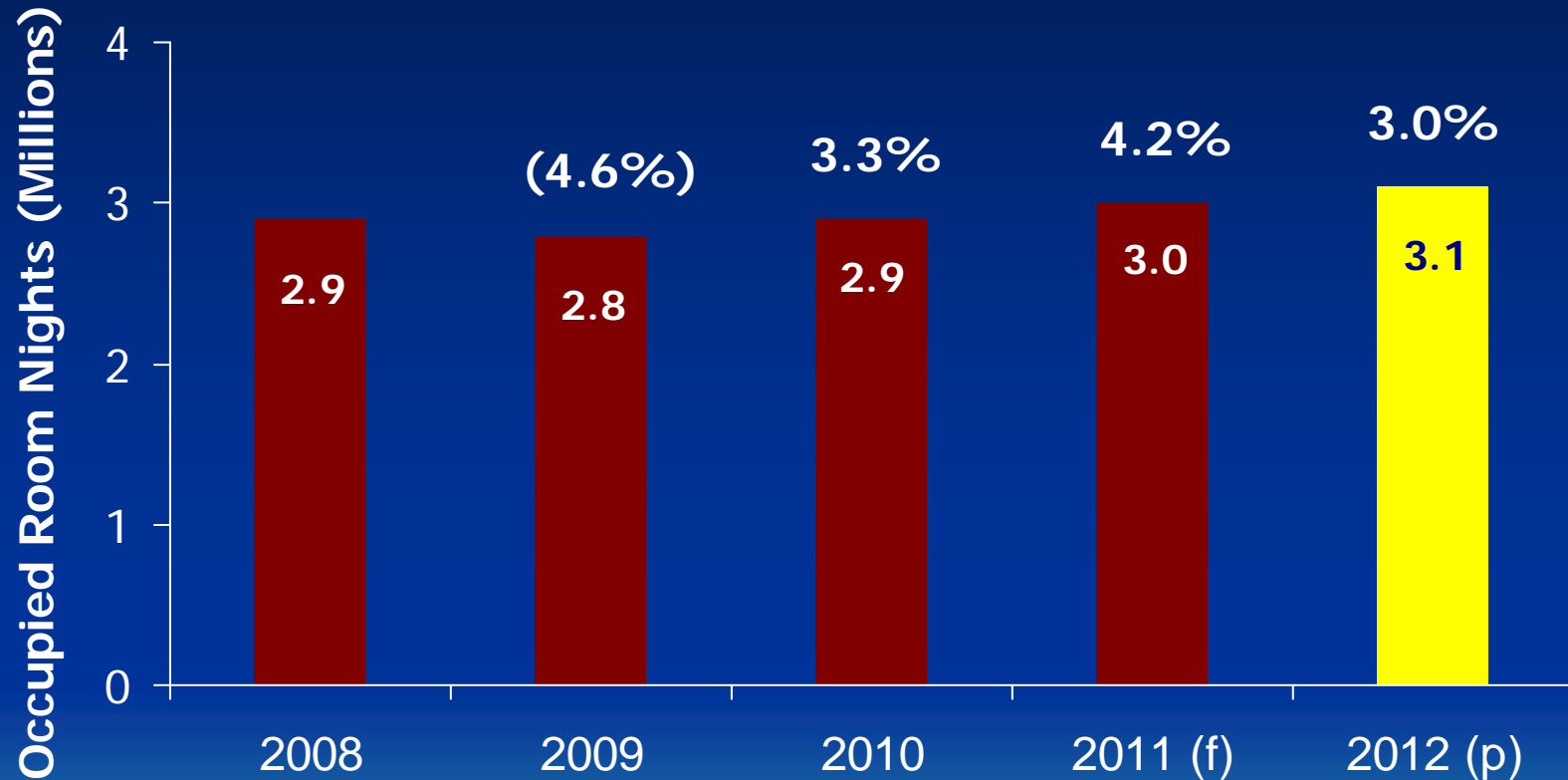
Ottawa-Gatineau Accommodation Supply



Note: Room supply is year round supply greater than 29 rooms.

Source: PKF Consulting Inc.

Ottawa-Gatineau Accommodation Demand



Source: PKF Consulting Inc.

Ottawa Market Outlook

Ottawa-Gatineau Overall

	2009	2010	2011F	2012P
<u>TOTAL OTT/GATINEAU</u>				
Rooms	11,840	11,953	12,053	12,416
Occupancy	65%	67%	68%	68%
ADR	\$133	\$133	\$134	\$138
Revpar	\$86	\$89	\$92	\$94

%chg	2009	2010	2011F	2012P
Supply	1.5%	1.0%	0.8%	3.0%
Demand	-4.6%	3.3%	4.2%	3.0%
ADR	-2.1%	0.2%	1.0%	2.5%
Revpar	-8.0%	2.9%	3.5%	2.5%

Source: PKF Consulting Inc.



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Ottawa Market Outlook

Ottawa Downtown

	2009	2010	2011F	2012P
<u>DOWNTOWN</u>				
Rooms	6,696	6,696	6,696	6,696
Occupancy	68%	70%	73%	73%
ADR	\$137	\$138	\$138	\$142
Revpar	\$95	\$96	\$101	\$104

%chg	2009	2010	2011	2012
Supply	0.0%	0.0%	0.0%	0.0%
Demand	-5.0%	2.0%	4.0%	0.5%
ADR	-2.9%	-1.0%	1.0%	2.5%
Revpar	-7.8%	1.1%	5.0%	3.0%

Source: PKF Consulting Inc.



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Ottawa Market Outlook

Other Ottawa/Gatineau

	2009	2010	2011F	2012P
<u>OTHER/GATINEAU</u>				
Rooms	5,144	5,257	5,357	5,720
Occupancy	60%	62%	63%	63%
ADR	\$123	\$126	\$127	\$130
Revpar	\$73	\$77	\$80	\$82

%chg	2009	2010	2011	2012
Supply	3.5%	2.2%	1.9%	6.8%
Demand	-4.1%	5.3%	4.5%	6.6%
ADR	-0.3%	2.5%	1.0%	2.5%
Revpar	-7.6%	5.6%	3.6%	2.3%

Source: PKF Consulting Inc.



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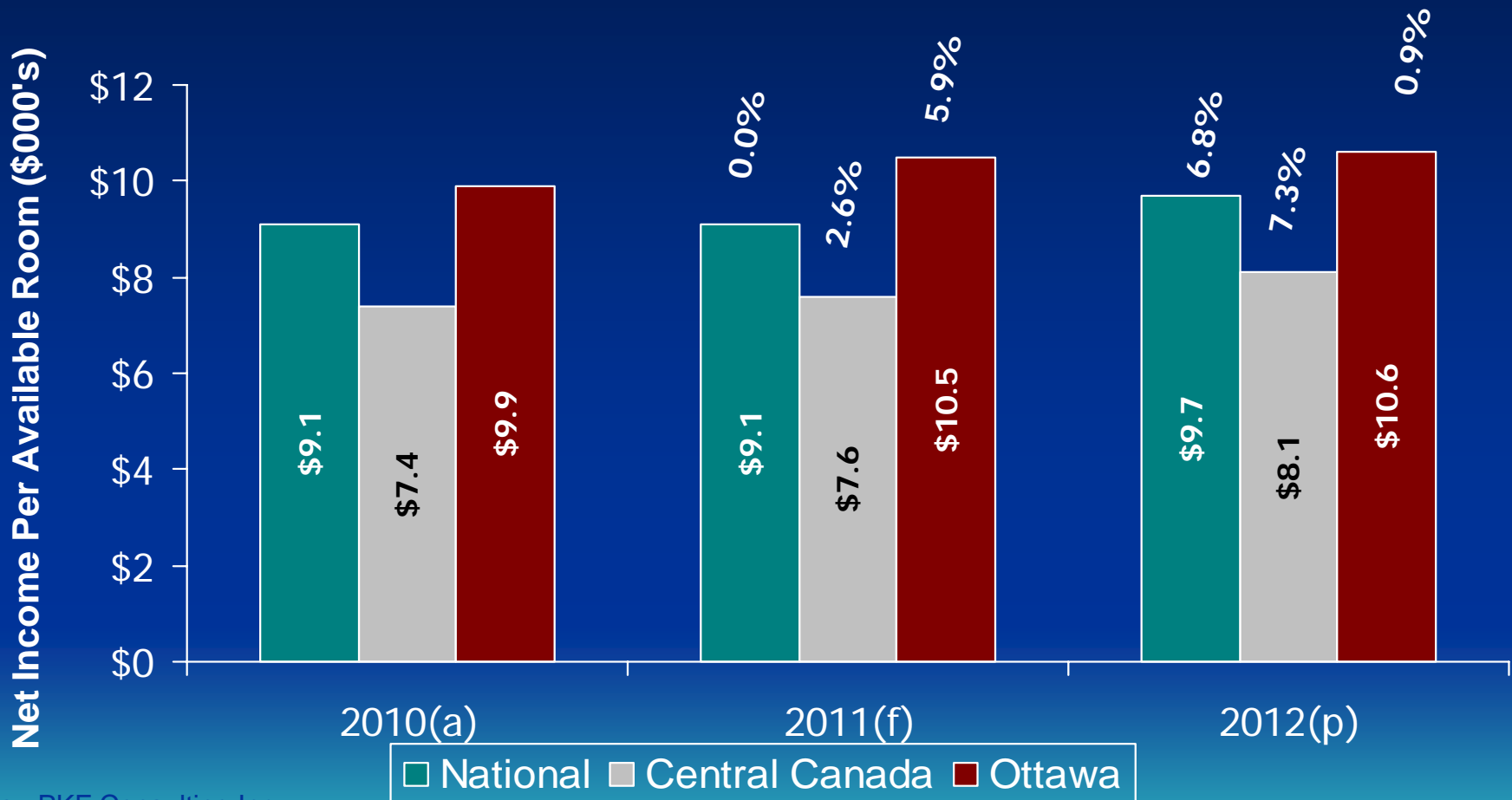
Canadian Urban Markets

2000 to 2012

REVPAR	2000 Actual	2010 Actual	2011 Forecast	2012 Projection
Downtown Ottawa	76%	70%	73%	73%
	\$128	\$137	\$138	\$142
RevPAR	\$97	\$96	\$101	\$104
Downtown Toronto	71%	74%	73%	73%
	\$158	\$157	\$159	\$164
RevPAR	\$113	\$117	\$116	\$119
Downtown Calgary	67%	65%	68%	70%
	\$133	\$178	\$182	\$187
RevPAR	\$89	\$115	\$123	\$131
Downtown Vancouver	66%	72%	72%	71%
	\$145	\$166	\$159	\$163
RevPAR	\$96	\$120	\$115	\$116

Source: PKF Consulting Inc.

Ottawa Hotel Industry Financial Outlook



Source: PKF Consulting Inc.

Concluding Remarks

- Our national, regional and local economies are healthy
- Significant supply on the edge of downtown
- Demand growth will be sufficient to absorb
- We can't get higher rates unless we ask for it!