

# Canadian Lodging Outlook

March 1999



HOSPITALITY  
VALUATION  
SERVICES



SMITH TRAVEL RESEARCH

## Downtown Vancouver Hotel Market

By Betsy MacDonald, MAI, AACI

Using data provided by Smith Travel Research (STR), we have analyzed the trends, which have occurred over the past six years. The STR Historical Trend report provides year-end, as well as month by month statistics, on a selected hotel sample's occupancy, average room rate, RevPAR, room demand, room supply and room revenue.

There are over 58 hotels located in downtown Vancouver with approximately 11,000 guest rooms; our sample includes 12 of these hotels with 5,052 guestrooms. The hotels in our sample are identified in the chart.

In the early 1990s, when the rest of the country was in the midst of a recession, Vancouver bucked the trend, largely due to the Pacific Rim influence. In 1993, occupancy for the selected sample of hotels was in the low 70% range, and the average room rate was approximately \$120. In 1996, the sample hotel occupancies reached a peak of approximately 76% at a \$151 average room rate. During 1996, citywide occupancy averaged 90% June through September, with occupancy in August averaging 95%. In 1997, occupancy declined to 73%. However, the average room rate increased to \$169, a 12% increase over the previous year when the nation was experiencing inflationary growth in the 2% to 3% range. In 1998, occupancy declined again to 69%, at an average room rate of \$169.50. Contrary to all the negative publicity about downtown Vancouver hotels, RevPAR only declined for the first time in 1998.

On a positive note, RevPAR is up 4.3% in the first quarter of 1999 versus the first quarter of 1998. Based on interviews conducted by HVS with downtown hotel operators, occupancy is expected to be maintained in 1999, and the average room rate is expected

to increase by 5% to 6%. Hotels opened in the first quarter of 1999 include the 123-room Sheraton Suites and the 207-room Westin Grand, both strata-titled hotels. The 446-room Delta Pinnacle and a 350-room expansion to the Sheraton Wall Centre are under construction and expected to open in 2000. The proposed and rumored hotel list for downtown Vancouver changes daily. However, the most talked about projects include the 1,000-room Convention Centre Marriott, the 180-room Regent, 450-room InterContinental, a 500-room Bentall V project, a 400-room Hilton, and a 98-room Opus. The majority of these projects have been proposed or rumored for over 5 years.

In our opinion, downtown Vancouver is still a strong hotel market. Although our visitors from Asia declined by 16.2% in 1998 (824,555 in 1997 compared to 690,672 in 1998), visitors from the United States increased by 11.7% or from 1,874,883 in 1997 to 2,095,114 in 1998. The increase in visitors from the United States more than offset the decline from Asia. This trend is expected to continue with our low Canadian dollar. Cruise ship passengers increased from 816,537 in 1997 to 873,102 in

1998, or by 6.9%. Industry experts are projecting cruise ship passengers to increase by another 5% in 1999 with the addition of two new ships. There was a record year at the Vancouver International Airport (YVR). Air passengers increased from 14.8 million in 1997 to 15.5 million in 1998, or by 4.7%. According to the Vancouver Airport Authority, "that makes YVR the second-most busy airport on the West Coast in terms of international traffic, displacing San Francisco Airport. By handling more than 15 million passengers per year, YVR is now categorized with Singapore, Toronto, Seattle and others that see between 15 and 25 million passengers per year." Continental and TWA are adding flights into Vancouver in 1999.

So how did the Vancouver downtown hotel market fare in comparison to downtown Toronto and Montreal markets? Well, Vancouver's 1998 RevPAR was \$117, Toronto's was \$115, and Montreal's was \$91. Vancouver is far from a depressed hotel market.

A special thanks to STR for providing the data for these articles. Next month Calgary will be featured.

Downtown Vancouver Hotel Market (1)

Year	Occupancy	ADR	RevPAR	%Change
1993	72.2%	\$119.98	\$86.57	-
1994	72.5%	\$126.24	\$91.52	5.7%
1995	73.1%	\$134.02	\$97.94	7.0%
1996	75.8%	\$151.09	\$114.54	16.9%
1997	73.1%	\$168.66	\$123.30	7.6%
1998	69.1%	\$169.59	\$117.16	-5.0%

Note (1) Includes the Four Seasons, Westin Bayshore, Hyatt Regency, Sheraton Wall Centre, Residence Inn (fka: Landis), Hotel Vancouver, Sutton Place, Pan Pacific, Renaissance, Pacific Palisades, Delta Suites and the Waterfront Centre.

Source: Smith Travel Research Historical Trend Report

## CANADIAN LODGING OUTLOOK

### DEFINITIONS

Occupancy:	The ratio of total occupied rooms to total available rooms.
Average Room Rate:	Defined as room sales divided by the total number of rooms occupied.
RevPAR:	The application of a hotel's average occupancy to its average room rate and a true indicator of the property's ability to generate revenue. It is calculated by multiplying the occupancy by the average room rate.
Number of Rooms:	The total number of rooms at participating hotels.



HOSPITALITY  
VALUATION  
SERVICES

### INTERNATIONAL

**HVS** is the leading consulting and appraisal firm specializing solely in the hospitality industry. HVS personnel have university degrees in Hotel Administration, or actual hotel work experience, and are taking further courses of study to obtain recognized real estate designations. HVS has consulted for over 10,000 hotels in 55 countries.

**HVS International-Canada** is located in Vancouver, BC, Canada

Tel. (604) 988-9743 and FAX (604) 988-4625. Please contact either Betsy MacDonald, AACI, MAI, RIBC, Managing Director; Namit Malhotra, Senior Associate; Carrie Russell, Senior Associate; Michael Blair, Consulting and Valuation Analyst, or Kimberley Tyls, Office Manager.

#### OFFICES:

##### Vancouver

4235 Prospect Road  
North Vancouver, BC  
Canada V7N 3L6  
(604) 988-9743  
(604) 988-4625 fax

##### London

14 Hallam Street  
London W1N 5LF  
United Kingdom  
+44-171-878-7700  
+44-171-436-3386 fax

##### New York

372 Willis Avenue  
Mineola, NY 11501  
(516) 248-8828  
(516) 742-3059 fax

##### Mexico

Patricio Sanz 1104, Suite 6  
Mexico City  
03100 Mexico, D.F  
011-525/575-5732  
011-525/575-3907 fax

##### San Francisco

#620-116 New Montgomery Street  
San Francisco, CA 94105  
(415) 896-0868 x 108  
(415) 896-0516 fax

##### Singapore

100 Beach Road  
35-00 Shaw Towers  
Singapore, 189702  
65-293-4415  
65-293-5426 fax

##### Miami

#216-8925 SW 148th Street  
Miami, FL 33176  
(305) 378-0404  
(305) 378-4484 fax

##### India

B-1/25 Safdarjung Enclave, 1st Fl.  
New Delhi, 110029 India  
91-11-911-610-4644  
91-11-911-610-4552 fax

##### Denver

#201-4730 Walnut Street  
Boulder, CO 80301  
(303) 443-3933 x 11  
(303) 443-4186 fax



### SMITH TRAVEL RESEARCH

STR provides information and analysis to all major Canadian and U.S. hotel chains. Individual hotels, management companies, appraisers, consultants, investors, lenders and other lodging industry analysts also rely on STR data for the accuracy they require. With the most comprehensive database of hotel performance information ever compiled, STR has developed a variety of products and services to meet the needs of industry leaders.

#### OFFICE:

105 Music Village Blvd.  
Hendersonville  
TN 37075  
(615) 824-8664



### HOTEL ASSOCIATION OF CANADA INC.

The Hotel Association of Canada is a federation of provincial and territorial associations, hotel chains and suppliers with a mandate to represent members nationally and internationally and to provide cost-effective services that stimulate and encourage a free market accommodation industry.

#### OFFICE:

Anthony Pollard  
1016-130 Albert Street  
Ottawa, Ontario  
K1P 5G4  
(613) 237-7149