CUSHMAN & WAKEFIELD

A CUSHMAN & WAKEFIELD VALUATION & ADVISORY PUBLICATION

# Canadian Lodging Industry Overview 2025-2026

## HOSPITALITY & LEISURE

Better never settles

# Table of Contents

# Introduction

The past year proved to be another record year for Canadian hotel results, with RevPAR reaching a historic high of $142.89, a 4.1% increase over 2024 results.

While the overall market performed well, performance was mixed regionally with Ontario and Quebec markets lagging the national average. Trade disputes with the U.S. negatively impacted border markets and regions reliant on U.S. trade such as Southern Ontario. At the same time, the shift in domestic leisure demand from U.S. destinations to Canada proved beneficial, especially to tourism focused markets. In some submarkets, the addition of new supply in the face of slowing demand growth impacted results.

While political and trade uncertainty will continue into 2026, the Canadian market should see continued growth. Similar to 2025, growth will largely be through ADR as demand is expected to remain muted. Markets like Toronto and Vancouver will get an added boost as they host the FIFA World Cup in June 2026. CoStar have projected 1.9% RevPAR growth for Canada in 2026, in comparison to 0.6% growth expected for the U.S.

Operationally, the industry will see continued cost inflation and a more challenging labour situation. Governments continue to reduce the number of international student visas and temporary work permits, impacting the availability of labour for hotels. Escalating costs on non controllable line items like energy, property taxes and insurance continue to pressure NOI margins.

Despite the continued uncertainty going into 2026, low interest rates and the high amount of available investment capital will result in continued strong demand for hotel investments. The industry continues to outperform many other asset classes and continues to attract new capital. As detailed in our report, 2025 ranks among the stronger years for hotel transactions over the past two decades, highlighted by several notable full-service and luxury hotel trades.

Our Overview recaps results for the past year, highlights some of the key transactions, and identifies emerging trends.

# National Historical Analysis

To provide some historical context for results in 2025, the following chart illustrates key operating performance indicators for the Canadian hotel industry from 2006 through 2025.

**Canadian Historical Operating Statistics: 2006 to 2025**

| Year | Supply | % Change | Demand | % Change | Eq. Index | Occupancy | % Change | ADR | % Change | RevPAR | % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 420,126 | --- | 96,446,556 | --- | --- | 64.7% | --- | $124.40 | --- | $80.48 | --- |
| 2007 | 424,316 | 1.0% | 98,130,783 | 1.7% | 0.7% | 65.2% | 0.8% | $128.94 | 3.7% | $84.11 | 4.5% |
| 2008 | 428,535 | 1.0% | 97,026,733 | -1.1% | -2.1% | 63.9% | -2.1% | $132.76 | 3.0% | $84.80 | 0.8% |
| 2009 | 431,380 | 0.7% | 90,231,973 | -7.0% | -7.7% | 58.9% | -7.8% | $126.30 | -4.9% | $74.36 | -12.3% |
| 2010 | 433,992 | 0.6% | 93,887,691 | 4.1% | 3.4% | 60.9% | 3.5% | $128.84 | 2.0% | $78.49 | 5.6% |
| 2011 | 436,149 | 0.5% | 95,820,274 | 2.1% | 1.6% | 61.8% | 1.4% | $128.04 | -0.6% | $79.10 | 0.8% |
| 2012 | 437,171 | 0.2% | 96,934,555 | 1.2% | 0.9% | 62.3% | 0.9% | $130.23 | 1.7% | $81.16 | 2.6% |
| 2013 | 438,500 | 0.3% | 98,541,345 | 1.7% | 1.4% | 63.3% | 1.5% | $133.13 | 2.2% | $84.24 | 3.8% |
| 2014 | 441,070 | 0.6% | 101,063,946 | 2.6% | 2.0% | 64.8% | 2.3% | $136.98 | 2.9% | $88.70 | 5.3% |
| 2015 | 444,608 | 0.8% | 100,860,870 | -0.2% | -1.0% | 64.1% | -1.0% | $143.02 | 4.4% | $91.67 | 3.3% |
| 2016 | 448,584 | 0.9% | 102,052,028 | 1.2% | 0.3% | 64.3% | 0.4% | $149.30 | 4.4% | $96.07 | 4.8% |
| 2017 | 450,068 | 0.3% | 104,760,615 | 2.7% | 2.3% | 65.6% | 2.0% | $156.79 | 5.0% | $102.90 | 7.1% |
| 2018 | 453,949 | 0.9% | 106,106,350 | 1.3% | 0.4% | 66.0% | 0.5% | $163.37 | 4.2% | $107.81 | 4.8% |
| 2019 | 458,446 | 1.0% | 105,536,865 | -0.5% | -1.5% | 65.0% | -1.5% | $165.37 | 1.2% | $107.46 | -0.3% |
| 2020 | 459,909 | 0.3% | 51,333,564 | -51.4% | -51.7% | 32.9% | -49.4% | $131.25 | -20.6% | $43.16 | -59.8% |
| 2021 | 462,336 | 0.5% | 66,726,569 | 30.0% | 29.5% | 41.7% | 26.9% | $139.62 | 6.4% | $58.28 | 35.0% |
| 2022 | 462,842 | 0.1% | 99,159,117 | 48.6% | 48.5% | 61.0% | 46.1% | $182.57 | 30.8% | $111.33 | 91.0% |
| 2023 | 463,684 | 0.2% | 107,288,782 | 8.2% | 8.0% | 65.6% | 7.6% | $200.22 | 9.7% | $131.37 | 18.0% |
| 2024 | 463,543 | -0.0% | 107,663,600 | 0.3% | 0.4% | 65.7% | 0.1% | $208.71 | 4.2% | $137.11 | 4.4% |
| 2025 | 466,773 | 0.7% | 108,976,016 | 1.2% | 0.5% | 66.1% | 0.7% | $216.10 | 3.5% | $142.89 | 4.2% |
| Average Annual % Change | | 0.6% | | 0.6% | | | 0.1% | | 2.9% | | 3.1% |

Source: CoStar

Despite challenges in political and economic conditions last year, the Canadian hotel market showed continued growth in 2025. At 0.7%, the market showed the strongest supply growth since 2019, but demand outpaced supply at 1.2% growth.

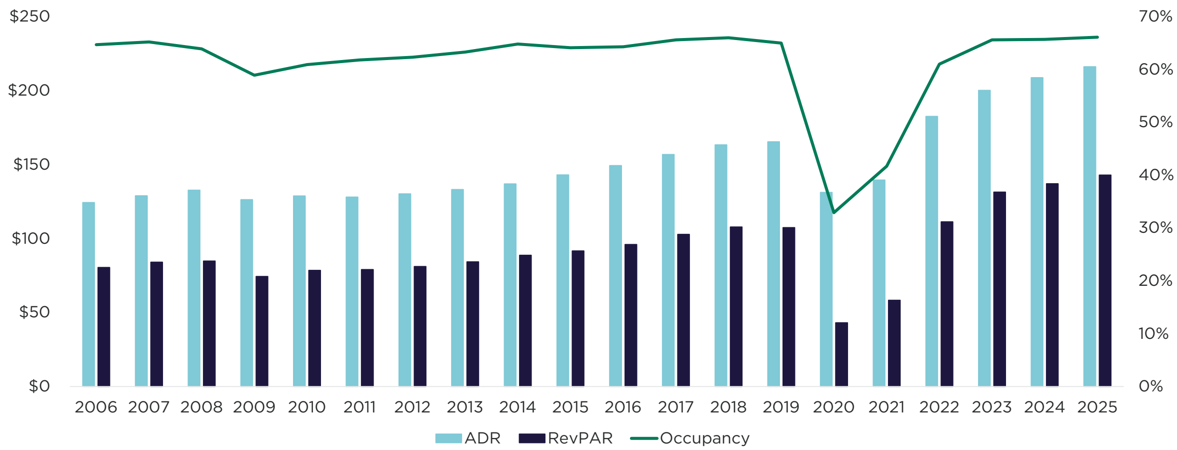
In 2025, the overall market continued to show growth; however, some markets saw more significant impacts from tariffs and reduced business travel, while other markets saw stronger growth led by increased leisure travel. ***Overall, occupancy increased to 66.1% in 2025, marking the highest recorded occupancy in the last 20 years.***

Following exceptional ADR growth in 2022 and 2023, and more moderate growth in 2024, ADR continued to show strong growth in 2025 of 3.5%. ***ADR reached a historic high of $216.10.***

Following RevPAR growth of 91% in 2022, 18% in 2023, and 4.4% in 2024, RevPAR increased by 4.2% in 2025.

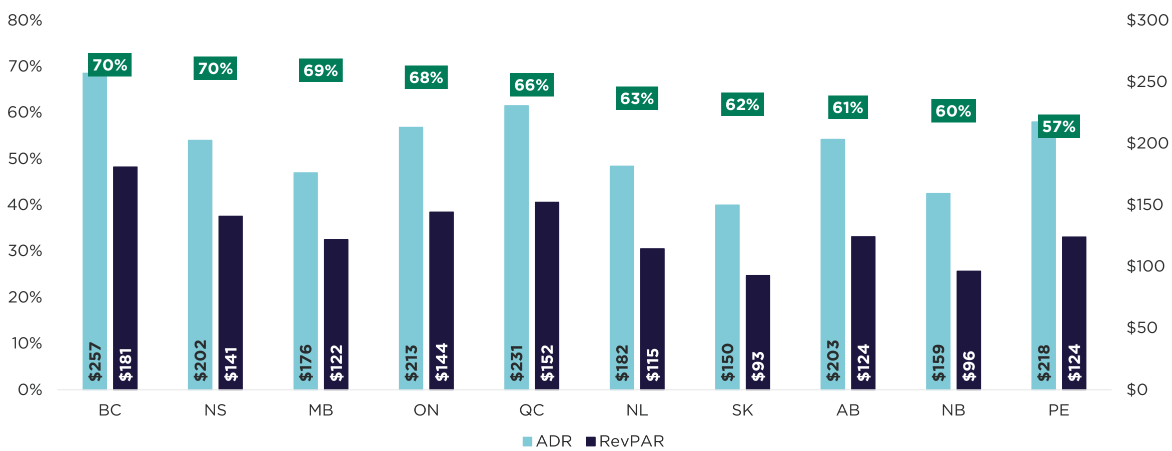
## Canadian Performance

Historical Statistics: 2006 to 2025



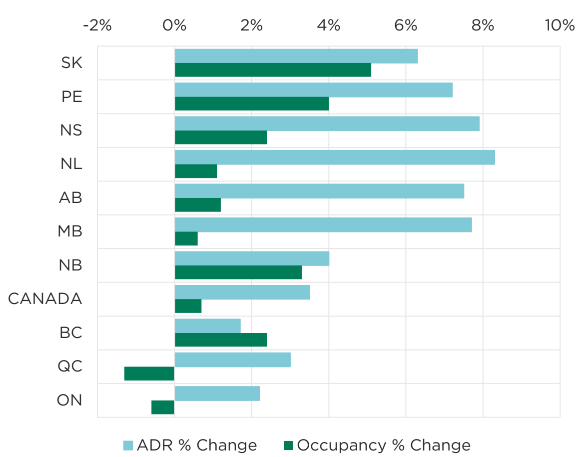

## Provincial Performance

Performance by Occupancy: 2025

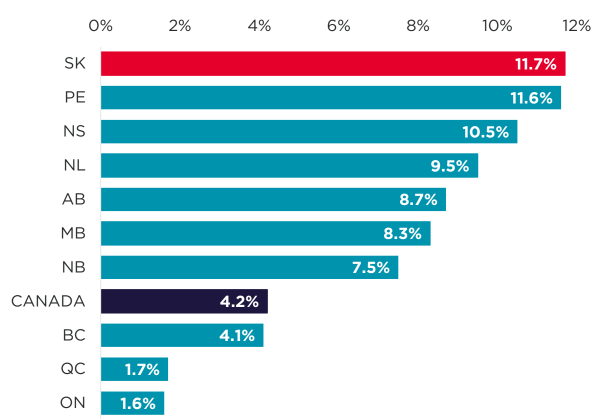



## Provincial Performance

ADR and Occupancy % Changes: 2025 vs. 2024




2025 RevPAR vs. 2024




*Source: CoStar*

# Top 10 Markets

In 2020 and 2021, there was a reversal of many longstanding trends in the Canadian lodging industry, as the major cities of Toronto, Vancouver, and Montreal struggled to fill rooms amidst the pandemic. In 2024, major markets returned as top performers. However, 2025 saw a glimpse of pandemic patterns as leisure markets saw strong performance and major markets took a hit as corporate demand softened.

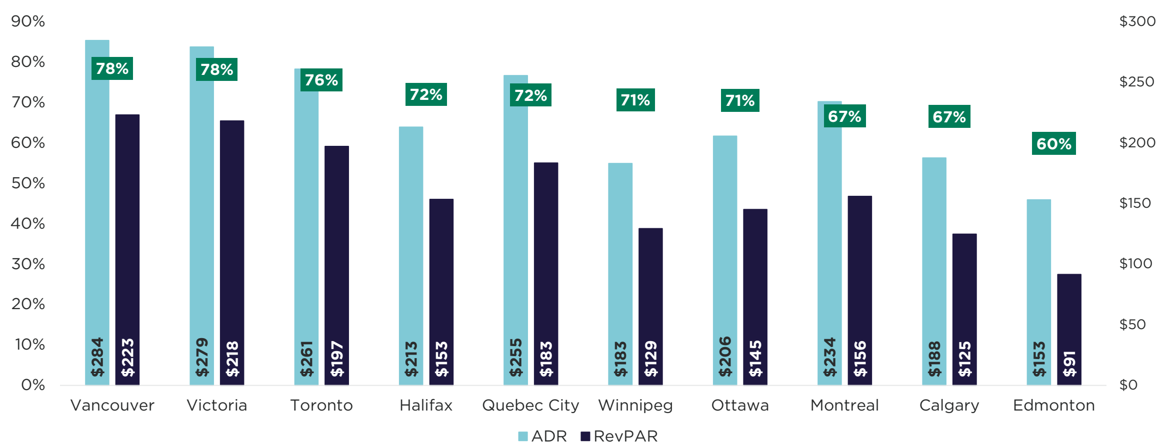
Regionally, Alberta and Saskatchewan performed well in 2025, as did the Maritime provinces. The most populous provinces – British Columbia, Quebec, and Ontario – showed the weakest performance.

In 2025, RevPAR performance was again led by Vancouver ($223), Victoria ($218), and Toronto ($197). This was followed by Quebec City ($183) and Montreal ($156).

***Victoria, Halifax, and Quebec City were cities with the strongest RevPAR growth in 2025, at 12.3%, 11.3%, and 10.9%, respectively.*** Strong RevPAR performance was followed by Calgary, Winnipeg, Edmonton, and Ottawa, which all saw between 6% and 8.3% growth, above the national average of 4.1%. Toronto saw growth of 2.8%, while Vancouver experienced minimal growth of 0.2%. ***Only one major city saw RevPAR decline in 2025 – Montreal at -2.8%*** – with the market average impacted by strong declines in the airport submarket.

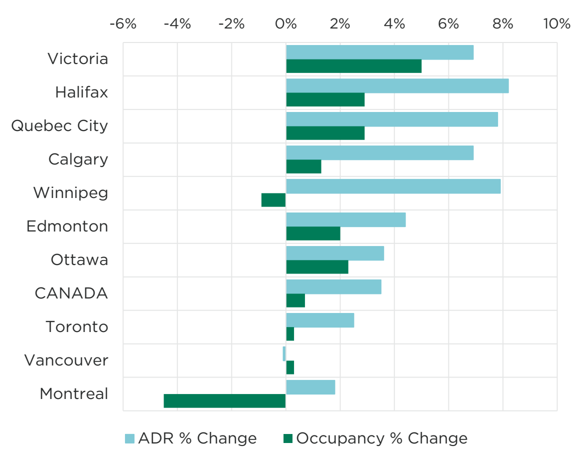
## Major Canadian Markets

Performance by Occupancy: 2025

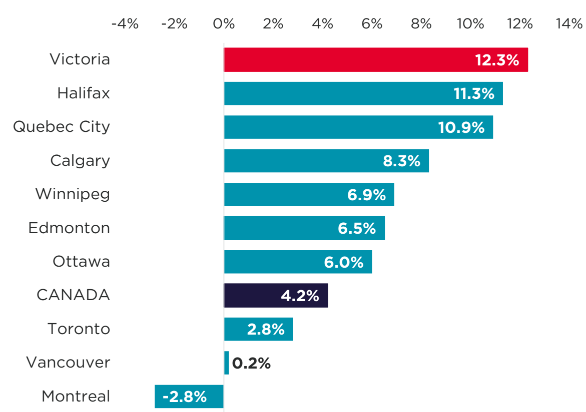



## Major Canadian Markets

ADR and Occupancy % Changes: 2025 vs. 2024




2025 RevPAR vs. 2024




*Source: CoStar*

# International Arrivals to Increase

Airport traffic and international travel are important to the hotel industry, particularly for the country's largest markets. ***According to the Canadian Air Transport Security Authority, screened traffic at Canada's biggest airports increased by 2.1% in 2025, reaching 59.1 million.*** The largest increase occurred in Q2 (+2.8%) and Q3 (+2.6%). As of late 2025, Calgary and Vancouver airports reported 3% growth in passenger volume. In contrast, Toronto Pearson Airport achieved 1% growth and Montreal Trudeau Airport showed a 1% decline. These major airports captured higher domestic and international traffic amid fewer U.S. arrivals.

Statistics Canada indicated that, through Q3 2025, international overnight arrivals to Canada declined by 1% to 15.7 million. Arrivals continue to lag at approximately 90% of pre-pandemic levels. Among the key source markets, arrivals from China have recovered the least, at about half of 2019 levels. Canada's recent reinstatement as an Approved Destination for Chinese tour group travel will substantially improve the pace of recovery. We expect more international arrivals in 2026, particularly for FIFA World Cup host cities in Vancouver and Toronto. ***Tourism Economics projects international inbound travel to surpass pre-pandemic levels in 2027.***

***The outlook for international arrivals is positive, but the rate of growth will be significantly influenced by Canada's relations with the U.S. and China.***

# New Supply Expected to Accelerate

While new hotel openings in Canada slowed in 2022-2024, more new and postponed projects moved forward in 2025 as hotel performance and investor interest remained strong. ***Following the opening of 3,517 new rooms in 2023 and 2,511 new rooms in 2024, CoStar tracked 5,231 new rooms in 2025.*** Toronto and Montreal combined for nearly half of last year's total new rooms; each respectively accounted for 27% and 21% of openings. Net room supply for the country increased by 1.1% in 2025, after three years of 0.5% average annual growth.

***CoStar estimates 5,601 new rooms to open in 2026, which would represent 1.2% growth over the existing room supply.*** Most (96%) of the new rooms expected to open this year are under construction. While this year's supply growth would exceed recent year increases, it should be absorbed on a national basis. However, some markets will see substantially higher levels of new supply. Next year, CoStar estimates 7,618 new rooms in 2027, albeit only 27% of these rooms are under construction. A construction slowdown is possible from cost escalation as a result of foreign tariffs, and from labour shortage as a result of Canada's nation building infrastructure projects.

As of December 2025, 55% of national pipeline rooms were in Ontario, with British Columbia a distant second at 28%. At the market level, Vancouver and Toronto respectively accounted for 18% and 17% of national pipeline rooms, followed by Ontario Central at 11%. By chain scale, upper midscale led with 31% of rooms in the national pipeline, followed by upscale and upper upscale respectively at 18% and 15%. ***The current national pipeline (in construction and planning) represents 9% of Canada's existing hotel room supply.***

# Hotel Transaction Market

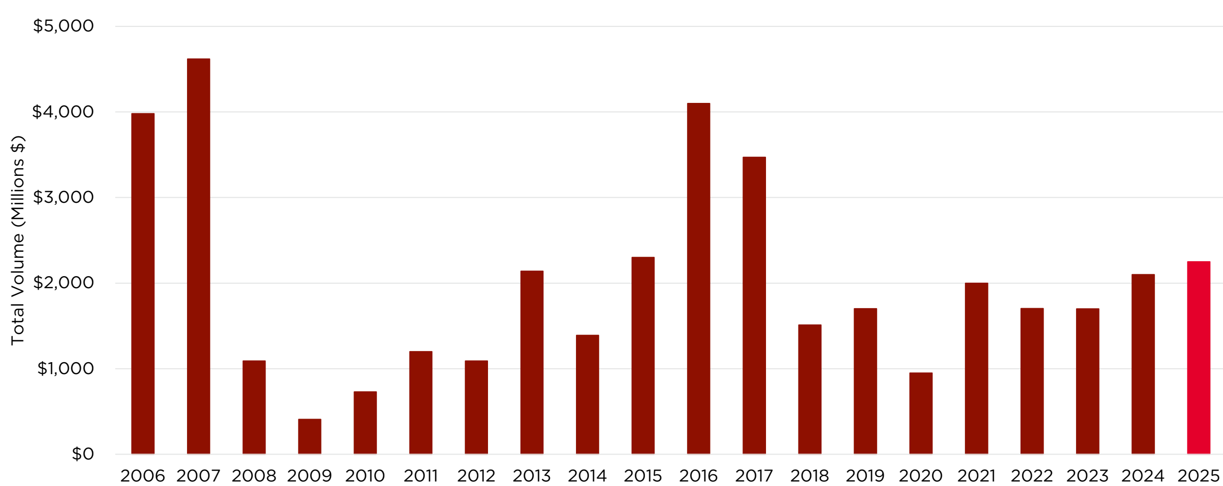
In 2025, ***Cushman & Wakefield tracked over 150 transactions (over $1M) for a total sales volume of $2.2 billion***, up from about $2.1 billion recorded across over 170 transactions in 2024.

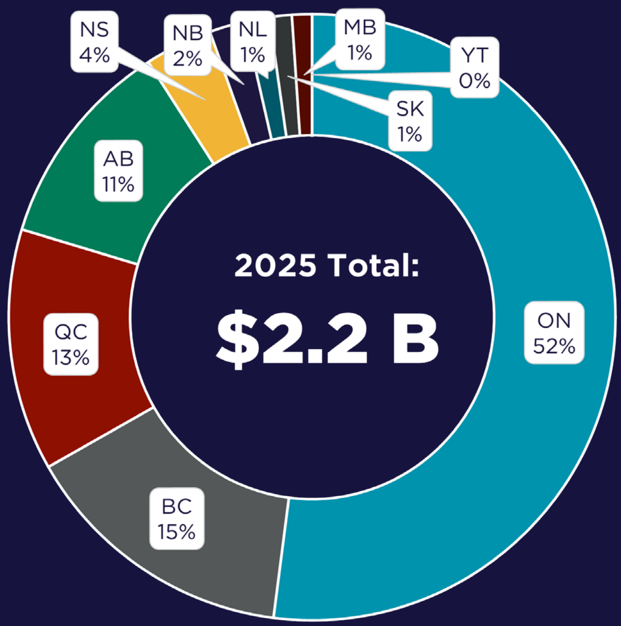
***Several large full-service and luxury hotels transacted in 2025.*** Although the total number of transactions declined year-over-year, the overall sales volume increased from more activity for higher value assets and stronger quality offerings. The average deal size in 2025 was $15.5 million, up from $12.7 million in 2024. This contributed to a notable increase in the average price per room, which soared to $191,000, compared with $144,000 in 2024.

Overall, aside from the years which included sales of major portfolios, ***2025 ranks as one of the stronger years for Canadian hotel transactions over the past two decades.***

## Canadian Hotel Transaction Volume

2006 to 2025






# Volume by Province

Central Canada continues to be the most active region of the country in terms of transactions. It accounted for 65% of the national total, followed by Western and Atlantic Canada, at 28% and 7%, respectively.

# Featured Transactions 2025

Below are some of the notable sales that occurred in 2025. These transactions also represent the Top 10 trades of the year, featuring several larger full-service and luxury hotels in major urban centres.

**2025 Notable Transactions**

| Property | Buyer | City | Province | Price | Rooms | Per Room |
|---|---|---|---|---|---|---|
| The Ritz-Carlton, Toronto (1) | Pacific Reach Properties and Dilawri Group of Companies | Toronto | ON | Confidential | 263 | ~$1,100,000 |
| Shangri-La Vancouver (2) | Brookfield Asset Management | Vancouver | BC | Confidential | 119 | ~$1,000,000 |
| Hyatt Regency Calgary | Fallsview Group | Calgary | AB | $125,500,000 | 355 | $353,500 |
| Sheraton Toronto Airport Hotel & Conference Centre (3) | 801 Dixon GP Ltd. | Toronto | ON | $115,000,000 | 249 | $461,800 |
| Cambridge Suites Toronto | Manga Hotel Group | Toronto | ON | Confidential | 231 | Confidential |
| Bisha Hotel Toronto, a Luxury Collection Hotel (4) | Sunray Group | Toronto | ON | $91,000,000 | 96 | $947,900 |
| Courtyard Ottawa East, Hampton Inn Ottawa, and Ottawa Conference & Event Centre | Linglu Hospitality | Ottawa | ON | $86,000,000 | 572 | $150,300 |
| DoubleTree Fallsview Resort & Spa (5) | Fallsview Group | Niagara Falls | ON | Confidential | 224 | Confidential |
| Hotel Omni Mont-Royal | Maison Sherbrooke SEC; Sherbrooke House LP | Montréal | QC | Confidential | 299 | Confidential |
| Hampton Inn & Suites Halifax Dartmouth | BBS Holdings Group Inc. | Dartmouth | NS | $43,750,000 | 165 | $265,200 |

(1) Pricing was estimated and referenced from Green Street, CoStar, and Altus Data Studio.
(2) Share sale. Price per room reflects hotel price allocation. Pricing was reported by Altus Data Studio.
(3) Included 3.6-acres of excess development land.
(4) Upon acquisition, the property was rebranded under Marriott's Luxury Collection, with food and beverage operations continuing to be managed by INK Entertainment under a management agreement.
(5) Off-market deal. Share sale. Included 2.17-acres of development land.

## The Ritz-Carlton Toronto

**Where:** Toronto, ON
**Rooms:** 263
**Per Room:** ~$1.1M
**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.

*Note: Pricing was estimated and referenced from Green Street, CoStar, and Altus Data Studio.*

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

## Shangri-La Vancouver

**Where:** Vancouver, BC
**Rooms:** 119
**Per Room:** ~$1M
**Date:** June 2025
**Buyer:** Brookfield Asset Management

Hotel occupies 15 stories in a 62-storey mixed-use tower comprising residential, hotel, and retail uses.

*Note: Share sale. Price per room reflects hotel price allocation. Pricing was reported by Altus Data Studio.*

*The hotel is now operated as the Hyatt Vancouver Downtown Alberni and brand managed by Hyatt. The buyer plans to renovate various hotel areas including guest rooms, public spaces, lobby, and spa. Upon renovation completion in 2026, the hotel will be rebranded as a Park Hyatt.*

# $125.5M

## Hyatt Regency Calgary

**Where:** Calgary, AB
**Rooms:** 355
**Per Room:** $353,500
**Date:** March 2025
**Buyer:** Fallsview Group


## Cambridge Suites Toronto

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

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

## DoubleTree Fallsview Resort & Spa

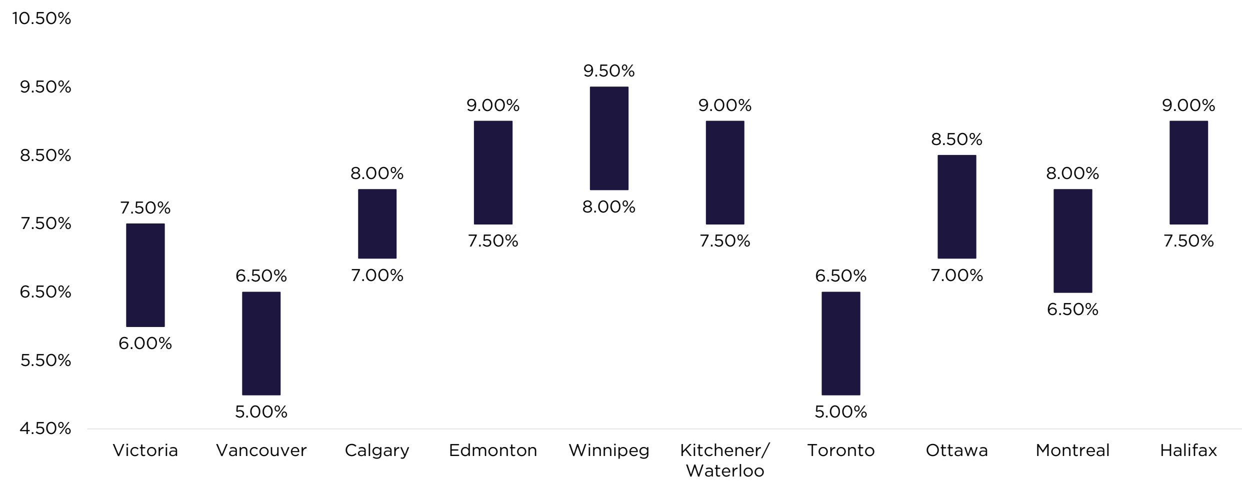
**Where:** Niagara Falls, ON
**Rooms:** 224
**Date:** July 2025
**Buyer:** Fallsview Group

*Note: Share sale. Transaction included 2.17 acres of development land.*

# Hotel Capitalization Rates (Q4 2025)

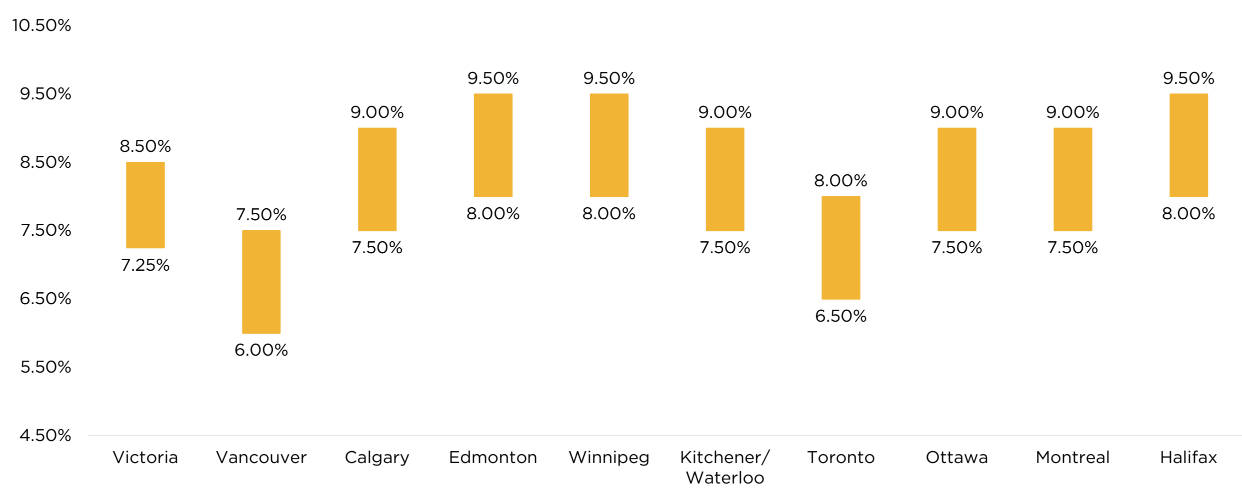
## Hotel Cap Rates (Q4 2025)

Full-service Downtown



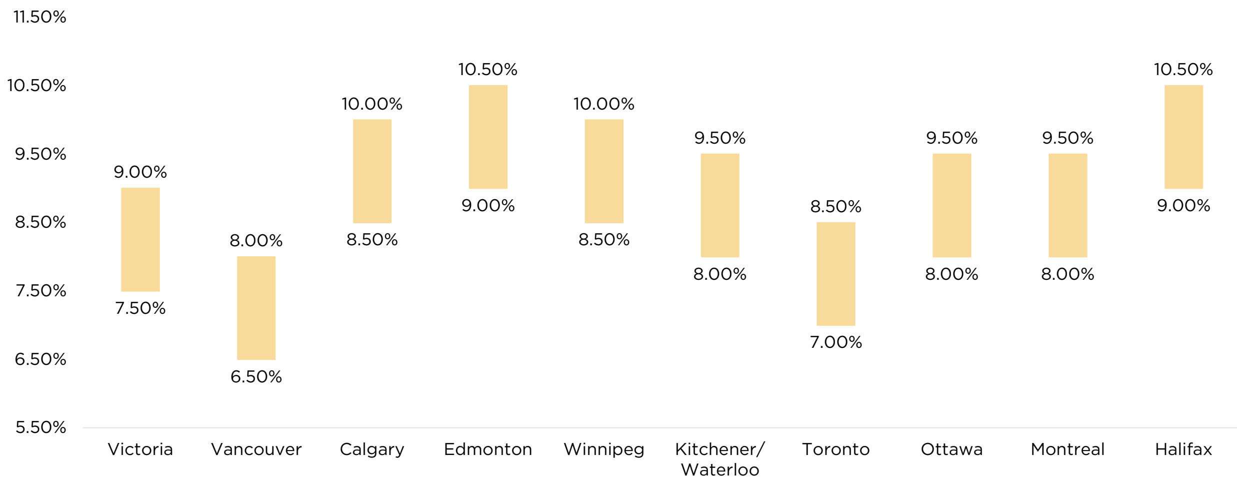

## Hotel Cap Rates (Q4 2025)

Select-service



## Hotel Cap Rates (Q4 2025)

Limited-service Suburban




Despite higher interest rates in 2022-2023, investor interest in hotels remained high as the strong recovery in the industry and the ability of hotels to hedge against higher inflation attracted investors. "Going in" cap rates in this period were below stabilized levels as investors acquired hotel with high income growth expectations.

More recently, economic growth slowed in 2024-2025 and inflation concerns eased, resulting in lower interest rates. With more moderate hotel revenue growth, "going in" cap rates began to normalize as in-place income also began to normalize.

Stronger economic growth is anticipated in 2026; however, U.S. trade disputes and tariffs continue to cause disruptions and impact hotel revenues. Growth is expected to be at steady and sustainable levels in the near to medium term.

While interest rates have declined, return expectations remain stable as the growth outlook for hotels has moderated compared to the post COVID period.

# Conclusion and Outlook

In 2025, the hotel market in Canada faced significant challenges as a result of rapid changes in U.S trade policies. This had a negative impact on sectors of the economy and regions dependent on the U.S. At the same time, many domestic and international tourists chose to avoid traveling to the U.S, to the benefit of Canadian regions with a tourism focus. It appears this sentiment will continue into 2026, which is positive for the industry. In addition, the arrival of the FIFA World Cup will benefit Toronto and Vancouver, and provide excellent exposure for Canada as a destination. Nationally, Canada is expected to see 1.9% RevPAR growth in 2026, as compared to just 0.6% for the U.S.

Hospitality will continue to be a favoured asset class given its demonstrated ability to generate premium returns and hedge against inflation. Low interest rates and a good supply of investment and debt capital will help drive transaction activity in 2026. At the same time, investor expectations should reflect a return to normalized growth patterns.

## VALUATION & ADVISORY

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:

- Appraisal Management
- Business Valuation
- Diligence Advisory
- Dispute Analysis & Litigation Support
- Machinery & Equipment
- Property Tax Services
- Right-of-Way & Eminent Domain
- Trusts & Estates
- Valuation for Financial Reporting

## HOSPITALITY & LEISURE PRACTICE GROUP CONTACTS

**BRIAN FLOOD**, P.App., AACI, MRICS
Vice Chairman & Practice Leader
Direct: +1 416 359 2387
brian.flood@cushwake.com

**CINDY SCHOENAUER**, ISHC, P.App., AACI
Senior Vice President
Direct: +1 604 340 9141
cindy.schoenauer@cushwake.com

**VADESS JOHAN,** P.App, AACI
Senior Vice President
Direct: +1 416 359 2374
vadess.johan@cushwake.com

**LAUREN ARNOLD,** P.App., AACI,
Vice President
Direct: +1 416 359 2478
lauren.arnold@cushwake.com

**DANIEL FUNG,** AACI, P.App.
Associate Vice President
Direct: +1 416 359 2479
daniel.fung@cushwake.com

**GAITH SAQQA**
Senior Consultant
Direct: +1 416 359 2595
gaith.saqqa@cushwake.com

**VANESSA BOLAND**
Senior Consultant
Mobile: +1 778 513 0857
vanessa.boland@cushwake.com

**DANTE MACRI**
Consultant
Direct: +1 416 359 2564
dante.macri@cushwake.com

**SARAH BEY**
Consultant
Direct: +1 289 799 5631
sarah.bey@cushwake.com

**LAURIN PATERSON**
Consultant
Direct: +1 416 359 2566
laurin.paterson@cushwake.com

**MAI-ANH VU**
Consultant
Direct: +1 416 359 2609
maianh.vu@cushwake.com

**Cushman & Wakefield ULC**
161 Bay Street, Suite 1500
Toronto, ON, M5J 2S1

700 West Georgia Street, Suite 1200
Vancouver, BC, V7Y 1A1