CANADA HOSPITALITY **INNSIGHTS** Q2 2026

01 Canada Hotel **Performance Update**

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Introduction to Q2 Innsights

The Canadian hospitality sector continued to record strong revenue growth through the first half of 2026, headlined by FIFA World Cup matches recently held in Vancouver and Toronto. The World Cup's impact on the topline performance of the host cities is highlighted in this Outlook.

Across the broader national market, room demand growth remained relatively modest at 0.9% in H1 2026. As seen in recent quarters, revenue growth was driven primarily by ADR, which increased by 6.2%, resulting in RevPAR growth of 6.5%.

ADR growth was particularly strong in the luxury segment, where rates increased by 9.0% year-over-year, followed by the upper-upscale segment at 6.2%. Urban hotels recorded ADR growth of 7.9%, followed by resorts at 6.6%. Notably, after lagging in the post-COVID recovery, larger hotels with more than 500 rooms (typically urban hotels with significant meeting and event space), delivered the strongest performance across all property sizes, with ADR growth of 9.9%.

Strong, consistent results have supported an increase in proposed hotel supply across the country, with anticipated income levels generally supporting development costs. According to CoStar, the supply pipeline across all stages of development has increased by approximately 10% since mid-2025, to ±48,000 rooms.

The investment market remains strong as hotels continue to provide investors with growth not seen in most other asset classes. While availability is constrained, we expect the overall trade volume to increase in 2026.

As noted in our Q1 Outlook, the sector appears poised to outperform earlier forecasts, supported by continued momentum in July. Amid ongoing uncertainty in U.S. relations and geopolitical challenges abroad, domestic travel remains an important driver of industry performance.

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Overview

National hotel performance remained strong through the first half of 2026, with continued ADR gains across most markets as demand growth outpaced supply additions.

Compared to the first half of 2025, Canadian hotels recorded a 6.5% increase in RevPAR during H1 2026, mostly from a 6.2% increase in ADR.

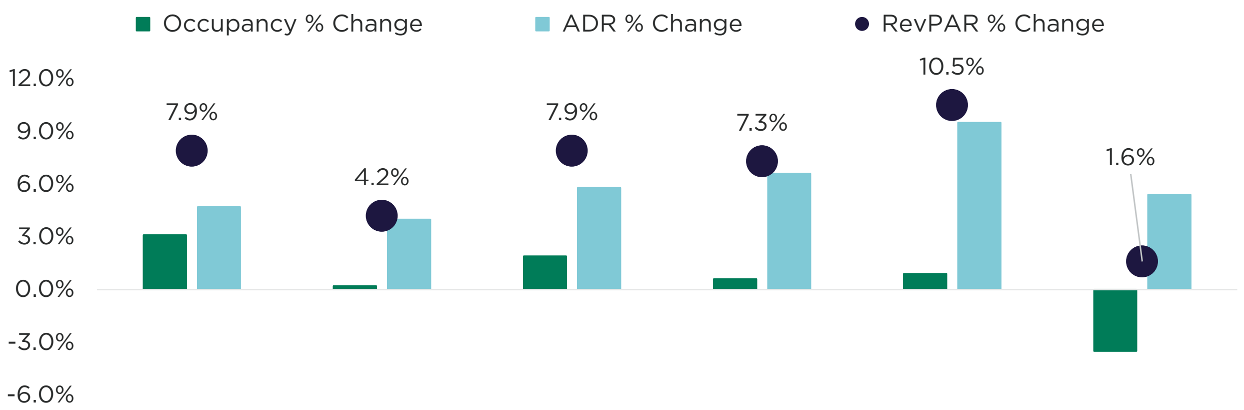
H1 2026
(% change from H1 2025)

Occupancy:
63.0% (+0.3%)

Average Daily Rate (ADR):
$215.41 (+6.2%)

Revenue Per Available Room (RevPAR):
$135.76 (+6.5%)

KPIs % Change (Month in 2026 vs. Same Month Last Year)



2026	January	February	March	April	May	June
Occ	52%	58%	61%	64%	71%	73%
ADR	$189	$197	$198	$202	$233	$253
RevPAR	$97	$114	$120	$128	$165	$184

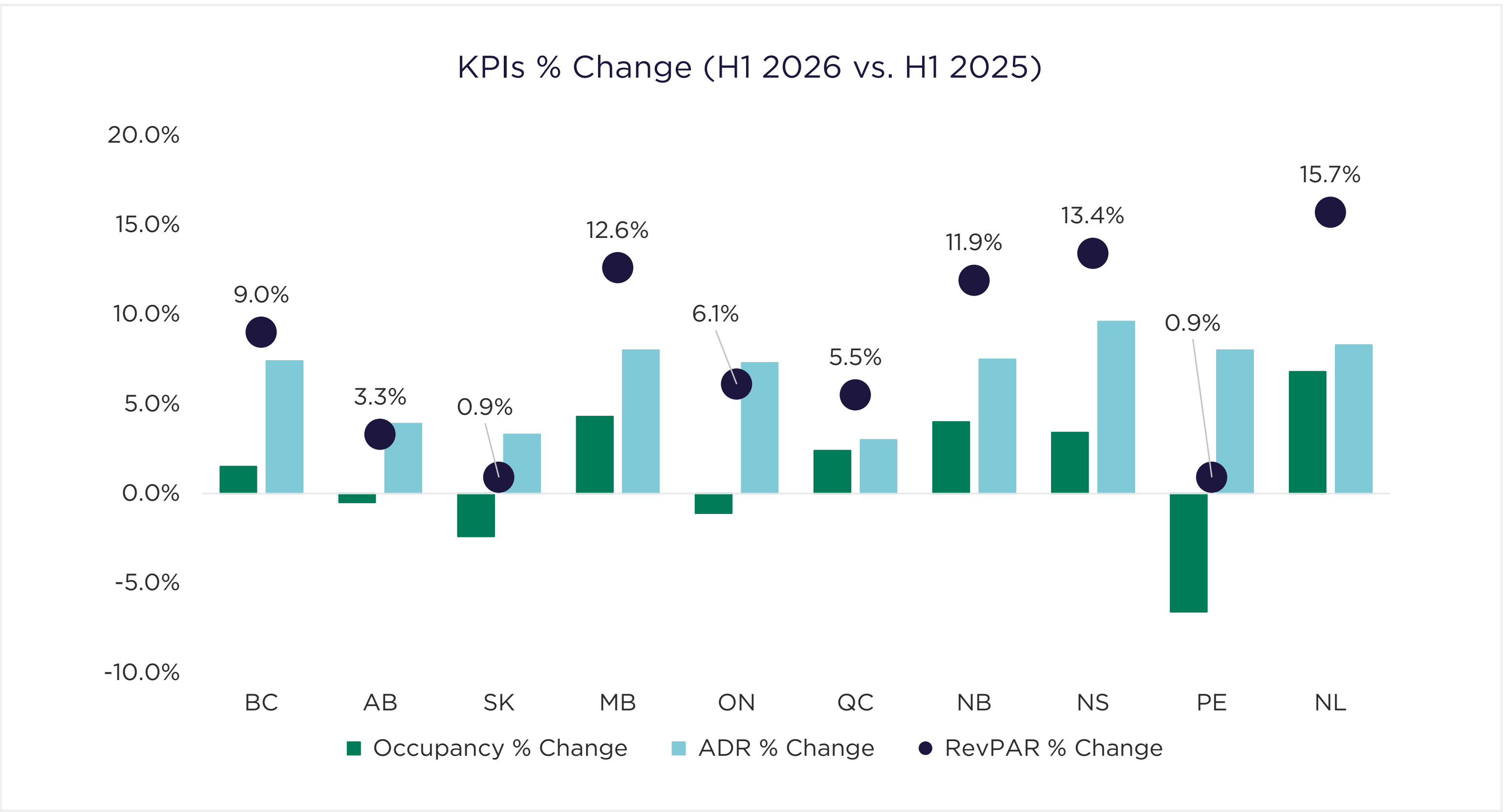
Source: CoStar

01 Canada Hotel **Performance Update**

Provincial Performance

In the first half of 2026, all provinces recorded positive RevPAR growth. While Alberta, Saskatchewan, Ontario, and Prince Edward Island reported declines in occupancy, all provinces posted year-to-date ADR growth.

Newfoundland and Labrador (+15.7%), Nova Scotia (+13.4%), Manitoba (+12.6%), and New Brunswick (+11.9%) recorded the strongest RevPAR growth in H1 2026, followed by British Columbia (+9.0%) and Ontario (+6.1%).



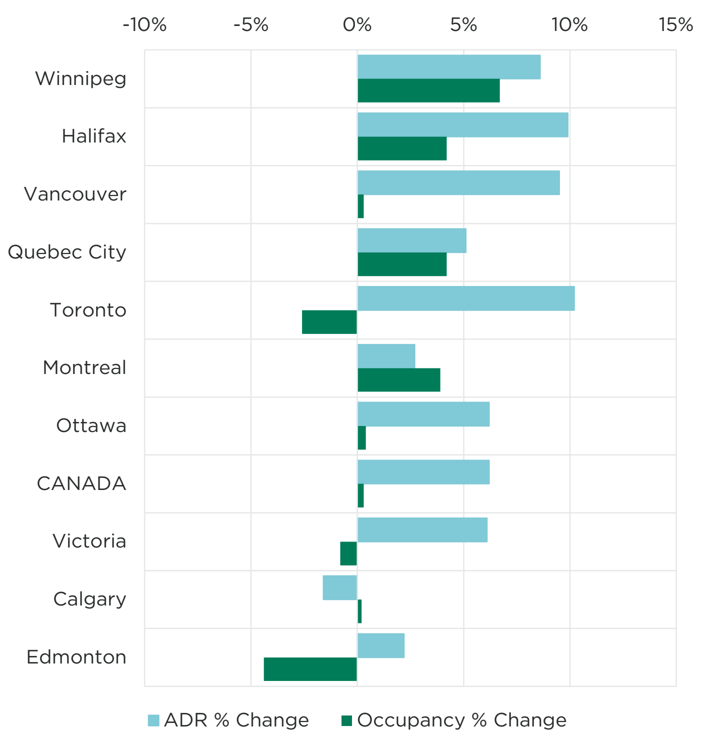
Source: CoStar

01 Canada Hotel **Performance Update**

Major Markets Performance

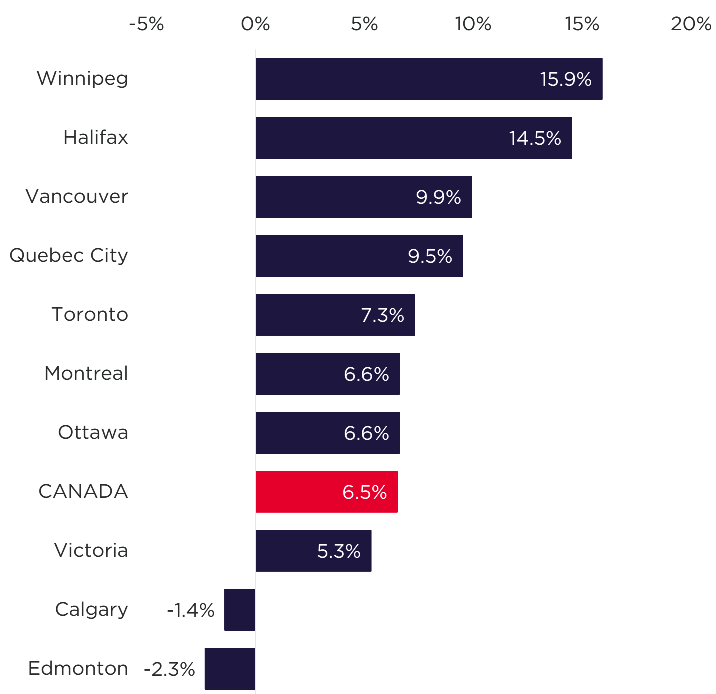
In the first half of 2026, 8 of 10 major markets posted RevPAR growth, with Winnipeg, Halifax, Vancouver, and Quebec City posting the strongest growth. Calgary and Edmonton showed an overall decline due to special event business captured in H1 2025.

ADR and Occupancy % Changes (H1 2026 vs. H1 2025)



Source: CoStar

H1 2026 RevPAR vs. H1 2025



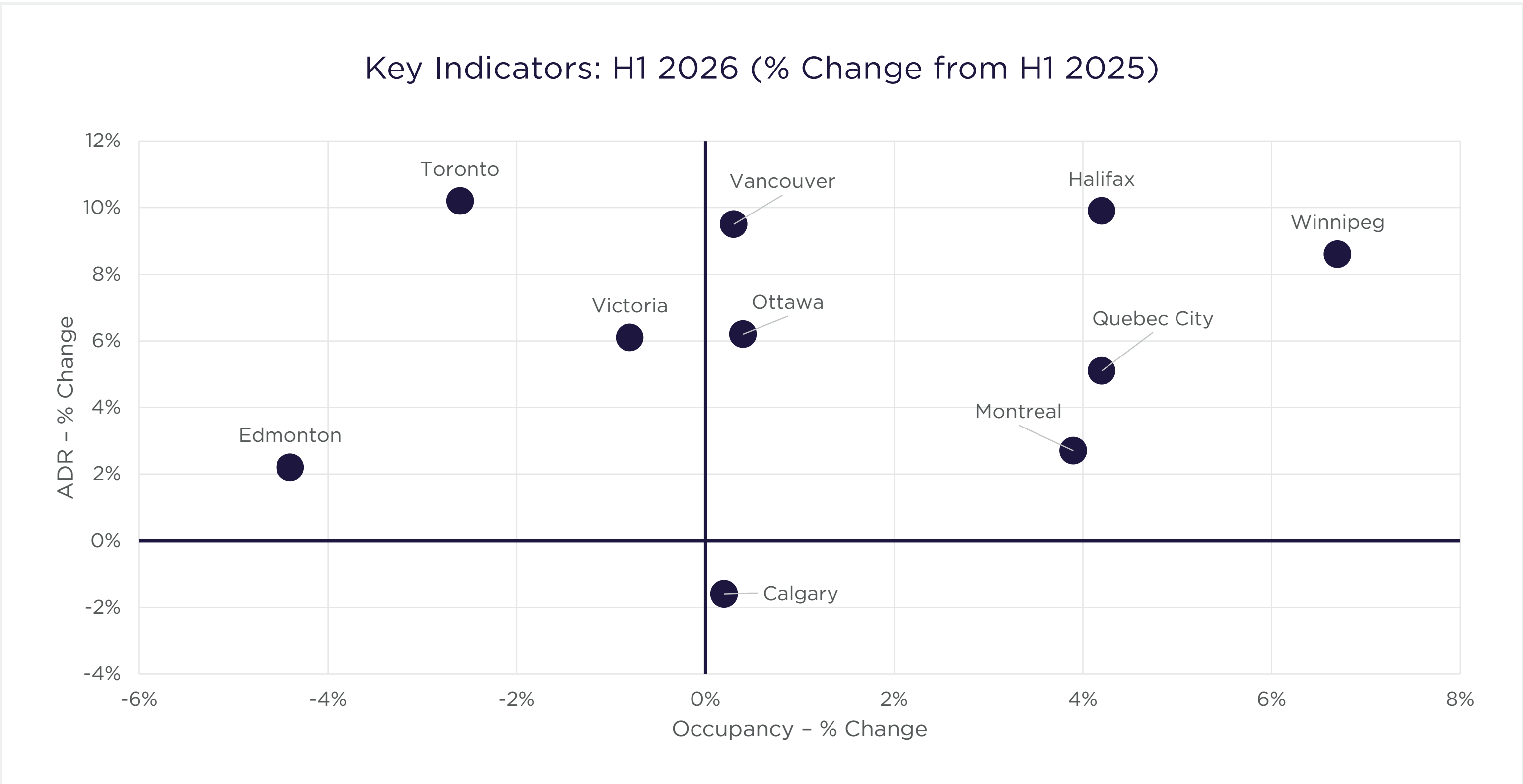
Source: CoStar

01 Canada Hotel **Performance Update**

Best and Worst Performers

The substantial RevPAR growth being achieved in major markets is driven by strong improvements in ADR. Calgary was the only major market that showed a modest ADR decline. Edmonton, Toronto, and Victoria were the only markets to show lower occupancy in the first half of this year.

Toronto, Halifax, Vancouver, and Winnipeg posted exceptional ADR growth of around 8% to 10%. Seven of the 10 major markets also showed occupancy growth, albeit at a generally more modest pace. Winnipeg's occupancy increase was the strongest at 6.7%, while Halifax, Quebec City, and Montreal showed growth of around 4%.



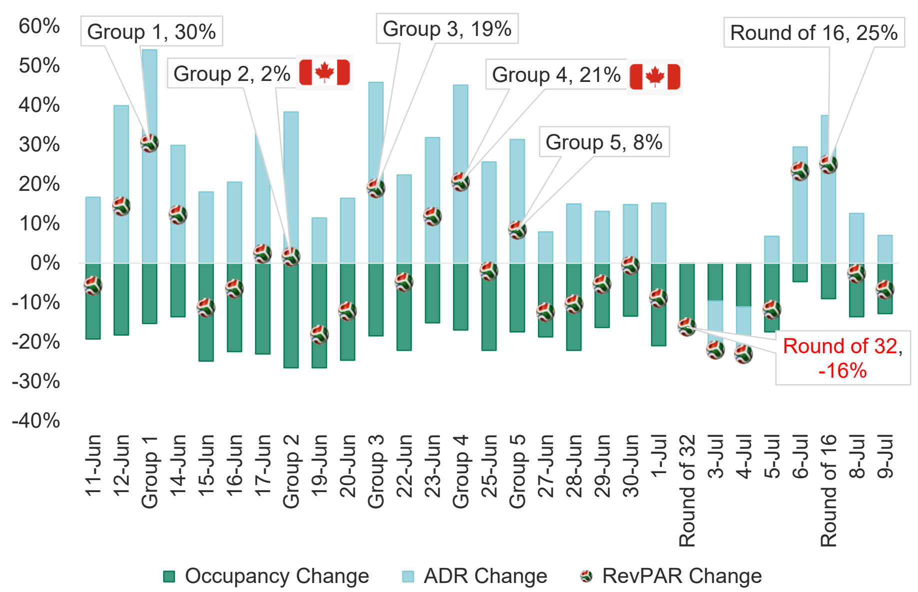
Source: CoStar

02 FIFA World Cup Performance of **Canadian Host Cities**

The World Cup delivered weaker than expected topline results for hotels in Vancouver and Toronto. While CoStar reported ADR growth of 15% for Vancouver and 13% for Toronto over the entire tournament duration, rate gains were offset by unexpected declines in demand and occupancy. Room revenue declined by 2% for Vancouver and increased by 7% for Toronto, compared with the same period in 2025. The following charts highlight the performance of each host city by date, match, and host period.

VANCOUVER WORLD CUP PERFORMANCE

KPIs Change (June 11–July 9 vs. Same Period Last Year)



Source: CoStar. Sample includes approximately 142 hotels and 23,145 rooms.

During the World Cup, Room Revenue Declined by 1% as Occupancy Dipped by 15%

- Vancouver hosted 7 World Cup matches: 5 Group, 1 Round of 32, and 1 Round of 16. The most impactful match for hotel performance was the opener between Australia and Türkiye.
- On match days, average ADR soared by 36%, but occupancy dipped by 17%. ADR growth averaged 20% before and after match days.
- For the host period shown on the left, compared with the same period last year, occupancy declined on all days (-18% on average), whereas ADR recorded double-digit growth on most days (21% on average).
- For the full duration of the tournament, compared with the same period last year, Vancouver hotels recorded a 1% room revenue decline. ADR improvement of 15% was negated by a 15% occupancy dip. RevPAR was down by 2%.

02 FIFA World Cup Performance of **Canadian Host Cities**

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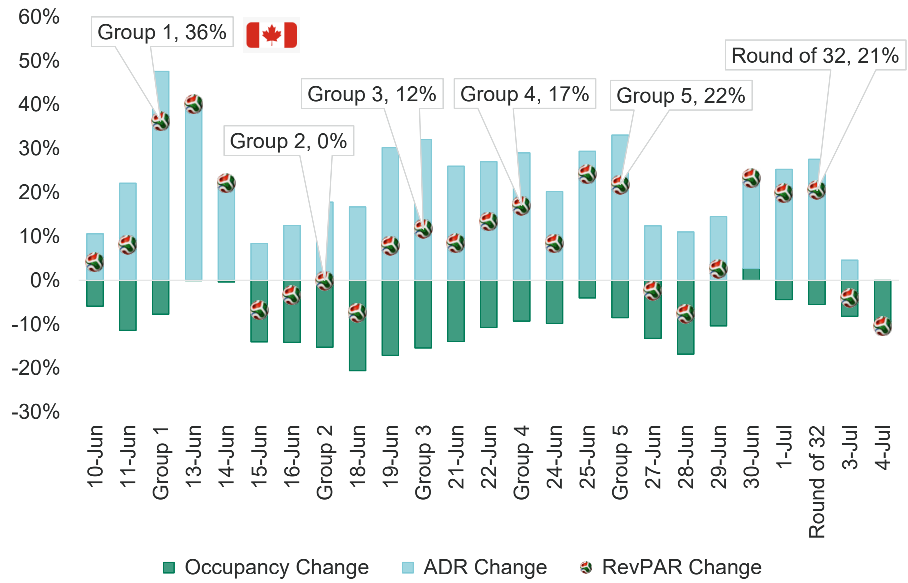
TORONTO WORLD CUP PERFORMANCE

KPIs Change (June 10–July 4 vs. Same Period Last Year)



Source: CoStar. Sample includes approximately 152 hotels and 34,229 rooms.

During the World Cup, Room Revenue Increased by 8% as ADR Posted 13% Growth

- Toronto hosted 6 World Cup matches: 5 Group and 1 Round of 32. The most impactful match for the hotel sector was the opener between co-host Canada and Bosnia & Herzegovina.
- On match days, average ADR soared by 32%, yet occupancy declined by 10%. ADR achieved 22% average growth before and after match days.
- For the host period shown on the left, compared with the same period last year, occupancy declined on most days (-10% on average), whereas ADR recorded double-digit growth on most days (22% on average).
- For the entire tournament duration, compared with the same period last year, Toronto hotels recorded 8% room revenue growth. An 8% occupancy dip was more than offset by 13% ADR growth. RevPAR was up by 4%.

03 Featured **Transactions**

The hotel transaction market has remained robust in H1 2026 as hotels continue to attract investor interest and achieve record pricing. Continued improvement in operating results, coupled with strong demand for available properties, supports confidence in the sector going forward.

Below are four of the higher profile transactions to occur so far this year.

Hotel Grand Pacific

Where: Victoria (Vancouver Island), BC

Rooms: 304

Date: March 2026

Buyer: InnVest Hotels

Note: Sale provided a rare opportunity to enter the Victoria market through the acquisition of a well-established, independent full-service hotel located near the heart of downtown Victoria, unencumbered by brand or management agreements.

Sheraton Cavalier Calgary

Where: Calgary, AB

Rooms: 285

Date: April 2026

Buyer: Bloom Investment Group

Note: Established full-service hotel situated just south of Calgary Airport, featuring recently renovated guestrooms and corridors.

03 Featured Transactions

Holiday Inn Express & Suites Downtown Ottawa East

Where: Ottawa, ON

Rooms: 182

Date: May 2026

Buyer: 17537913 Canada Inc.

Note: Recently developed, upper-midscale Holiday Inn Express & Suites located just east of the ByWard Market area in Downtown Ottawa.

Microtel Inn & Suites Aurora

Where: Aurora, ON

Rooms: 108

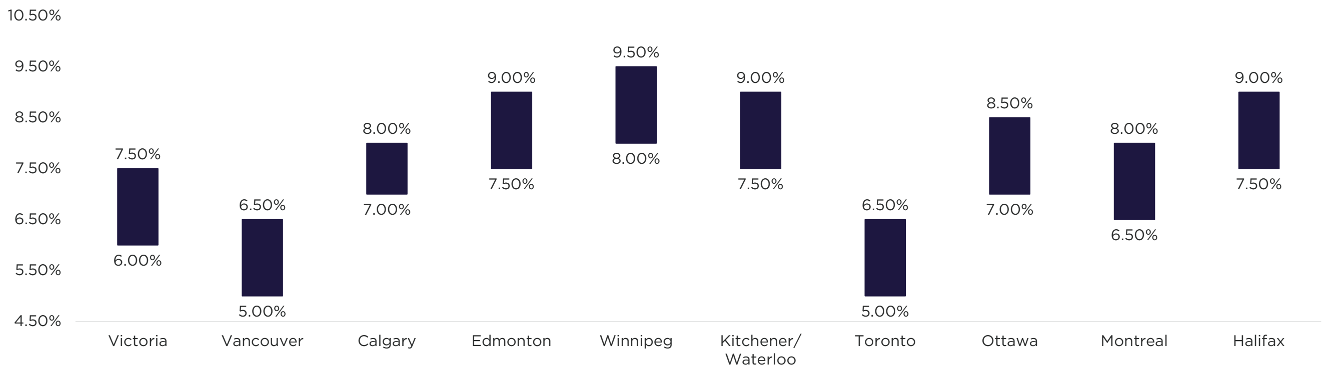
Date: June 2026

Buyer: BDA Hospitality Group

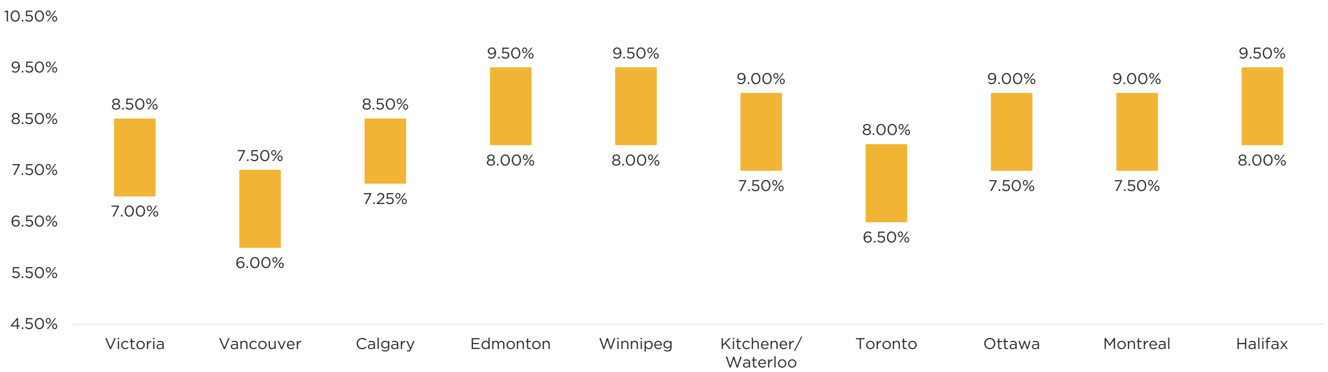
Note: Newly-built, focused-service hotel located in the expanding Aurora market just north of Toronto.

04 Hotel Cap Rates (Q2 2026)

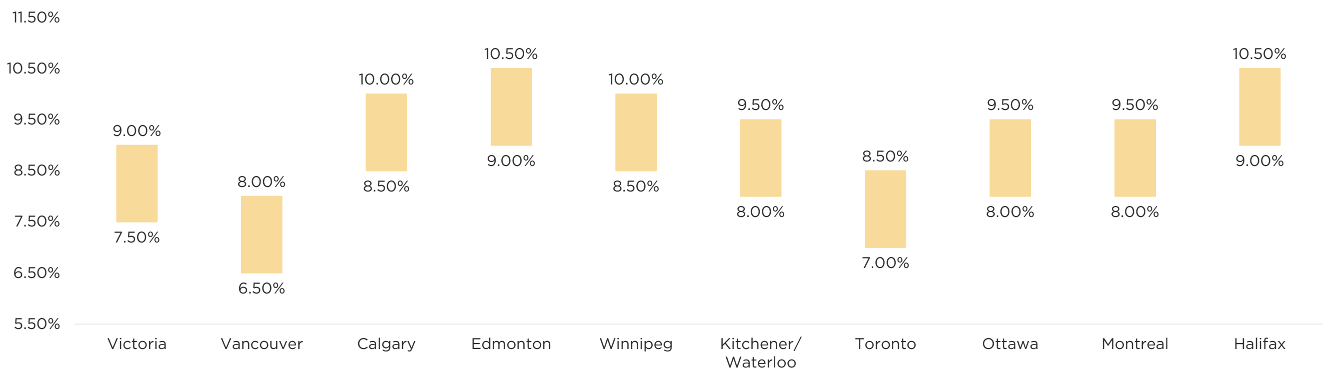
Full-service Downtown



Select-service



Limited-service Suburban



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