



Hospitality Submarket Report

Toronto Downtown

Toronto CAN

PREPARED BY



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HOSPITALITY SUBMARKET REPORT

Overview	1
Performance	3
Construction	12
Under Construction Properties	15
Sales	16
Sales Past 12 Months	18
Supply & Demand Trends	20
Performance Trends	22
Sale Trends	24
Deliveries & Under Construction	26

12 Mo Occupancy	12 Mo ADR	12 Mo RevPAR	12 Mo Supply	12 Mo Demand
75.2%	\$346	\$261	6.3M	4.7M

The Toronto Downtown submarket is the largest in Toronto, comprising roughly 18,000 rooms, or roughly 47% of the market's total room inventory. Most rooms in this submarket fall into the upper-upscale and luxury categories, accounting for nearly 75% of the submarket's existing supply. As a result, Toronto Downtown is typically the best-performing submarket for RevPAR among Toronto's three submarkets. Specifically, ADR in the submarket remains over CA\$160 above the second-best-performing submarket, Toronto Airport/West.

Through January, hotels in the Toronto Downtown submarket continue to experience strong growth, with a 12-month RevPAR increase of 6.2%. RevPAR growth was driven by a 3.4% increase in occupancy. Meanwhile, ADR increased 2.7% during the same period. With an occupancy of 75.2%, over the past 12 months, the submarket boasts the second-highest occupancy in the market, trailing only the Toronto Airport/West submarket. The recovery of the group, business, and leisure demand segments in Toronto continues to drive performance in the submarket.

Through 2026, performance in the submarket is expected to decelerate, with RevPAR forecast to decline 0.6% by December 2026. Most importantly, the Toronto Downtown submarket is expected to significantly outperform the overall Toronto market, which is forecast to decline 0.5% in RevPAR through the end of the year. According to market participants, the 2026 FIFA World Cup is expected to drive robust performance through the Summer months of June and July 2026, leading local hoteliers to believe that the submarket can outperform its current forecast.

Recent demand growth in the submarket has been driven by increased group demand, with group RevPAR rising 11.9% over the past year, led by a 7% uptick in group occupancy. Business and leisure transient demand has also increased, as evidenced by the 3% increase in weekday occupancy between 2024 and 2025 and the 2% increase in weekend occupancy, the latter of which can be attributed to elevated leisure transient demand. All told, transient RevPAR increased 3.7% over the past 12 months.

In 2025, three hotels with a total of 622 rooms were delivered: the 234-room TOOR Hotel, the 36-room Nobu Hotel Toronto, and the 352-room RIU Plaza Toronto Hotel. Currently, five hotels and 701 rooms are under construction, which is slightly below the three-year average of 750 rooms and the 10-year average of 750 rooms. At 4.0% of the existing supply, the construction rate in Toronto Downtown is higher than the national rate of 3.2%. An additional five hotels with 686 rooms are in the final planning stage, and a total of 10 hotels with 2,163 rooms are proposed.

In line with trends observed across the Toronto market, transaction activity remained elevated in the Toronto Downtown submarket, generating approximately CA\$358 million in sales volume over the past year. Notably, that figure is above the submarket's three-year average of \$125 million and the 10-year average of CA\$225 million. Furthermore, by the end of 2025, \$448.7 million in sales volume had been transacted, a massive jump from CA\$3.5 million in 2024. Emerging investment trends include increased investor interest in branded upscale and luxury hotels.

KEY INDICATORS

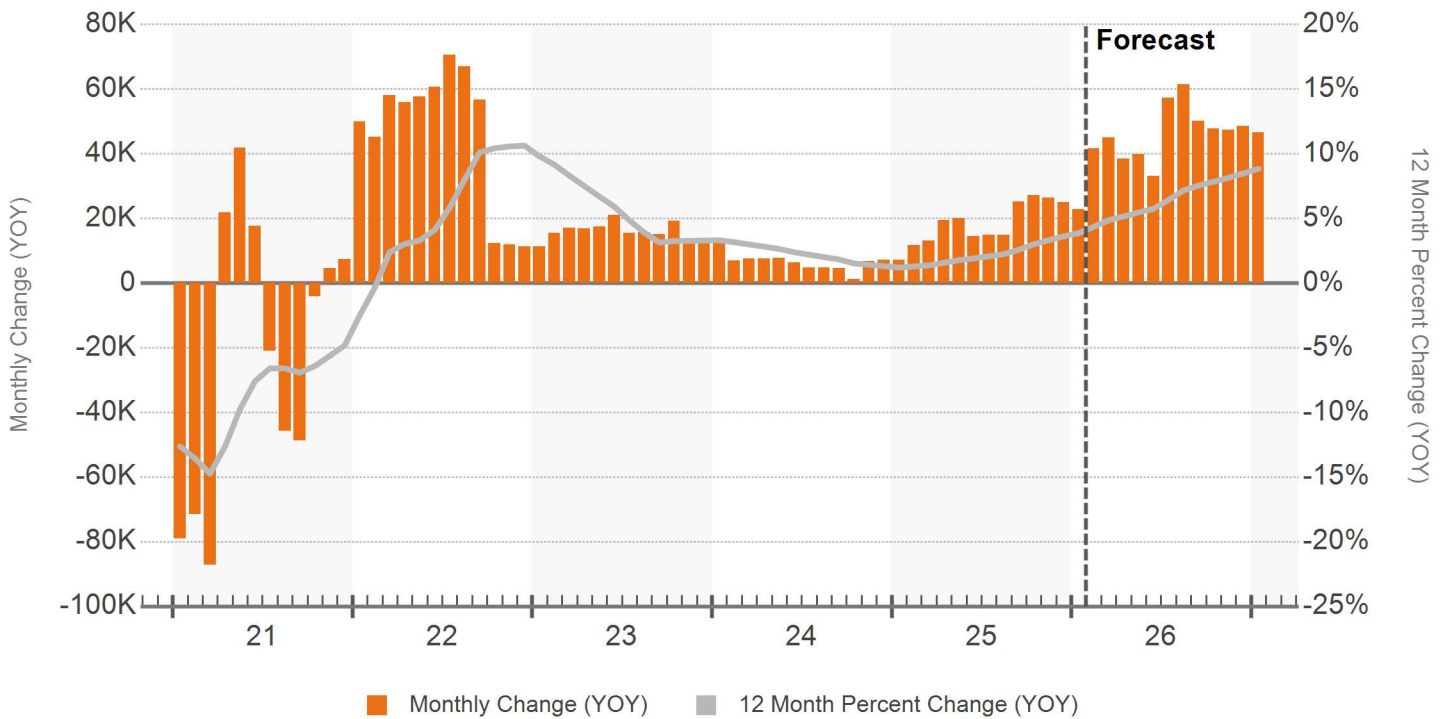
Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	13,182	73.5%	\$362	\$266	270	246
Upscale & Upper Midscale	3,851	81.8%	\$292	\$239	352	455
Midscale & Economy	652	-	-	-	0	0
Total	17,685	75.2%	\$346	\$261	622	701

Overview

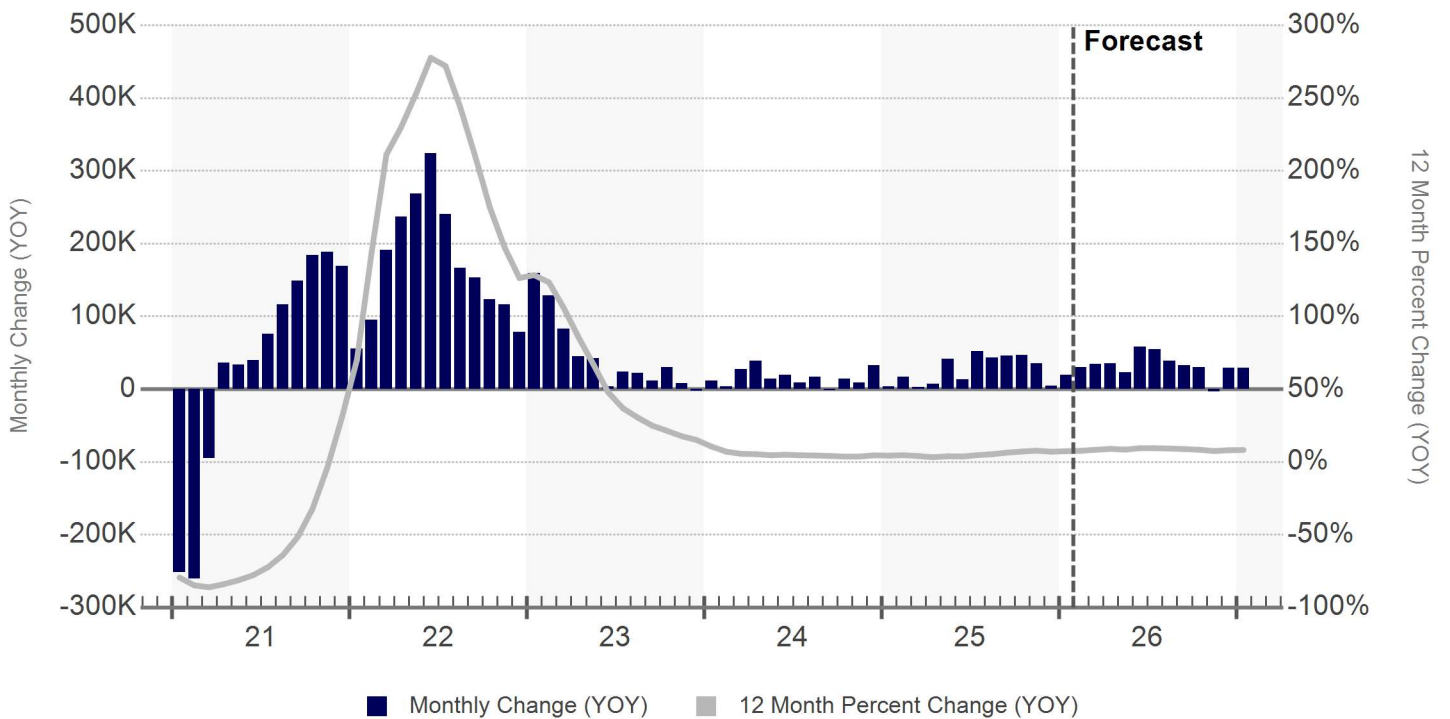
Toronto Downtown Hospitality

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	61.1%	74.4%	75.2%	75.2%	63.5%	76.0%
Occupancy Change	-3.1%	2.6%	3.3%	3.3%	27.3%	0.5%
ADR	\$285	\$357	\$346	\$346	\$317	\$356
ADR Change	3.2%	1.6%	2.8%	2.8%	11.9%	1.2%
RevPAR	\$174	\$265	\$261	\$261	\$202	\$270
RevPAR Change	-0.1%	4.3%	6.2%	6.2%	42.4%	1.7%

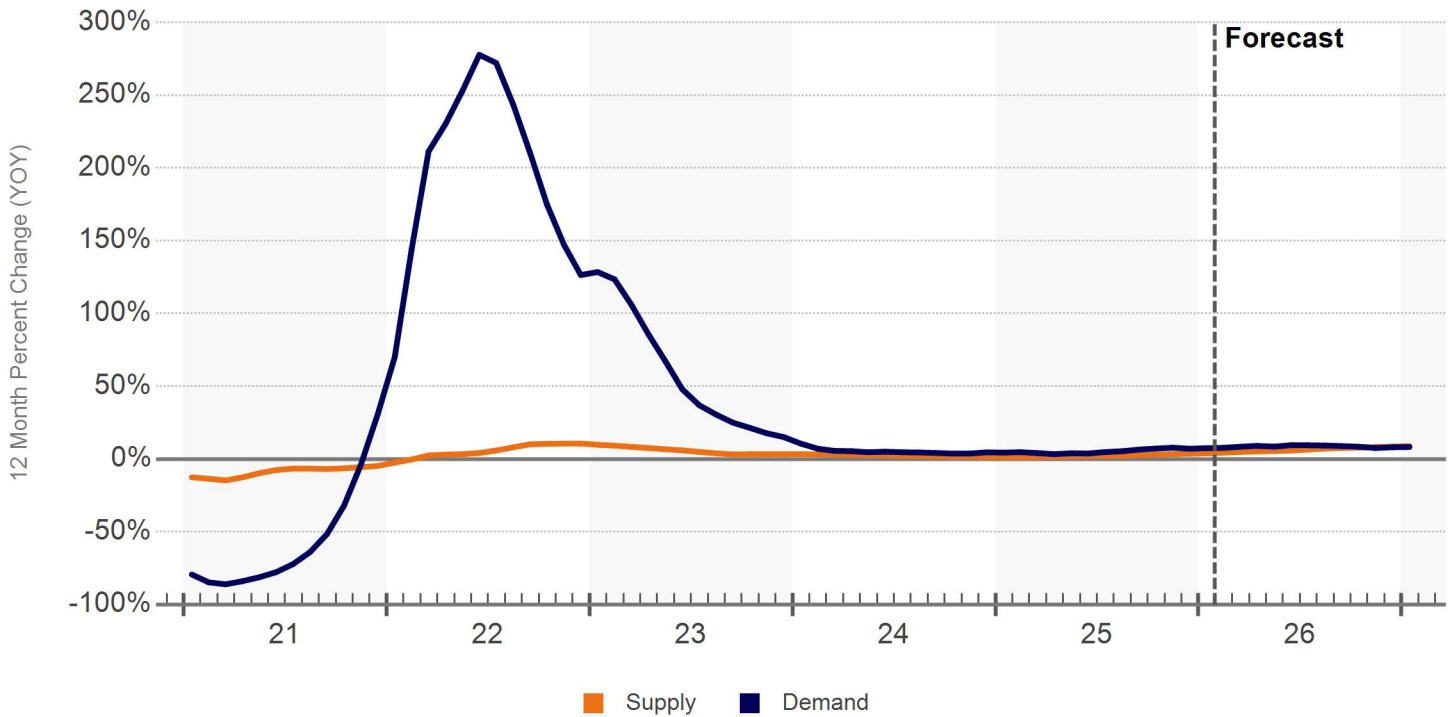
SUPPLY CHANGE



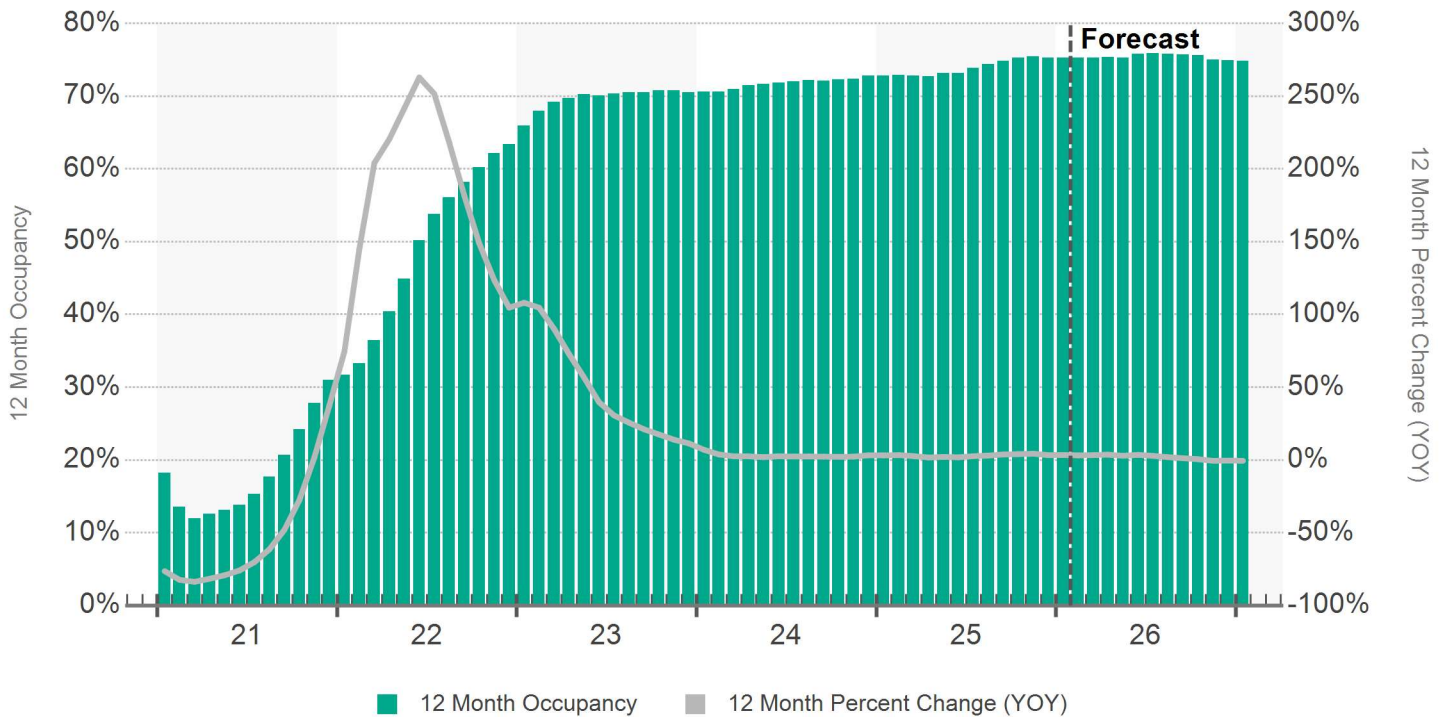
DEMAND CHANGE



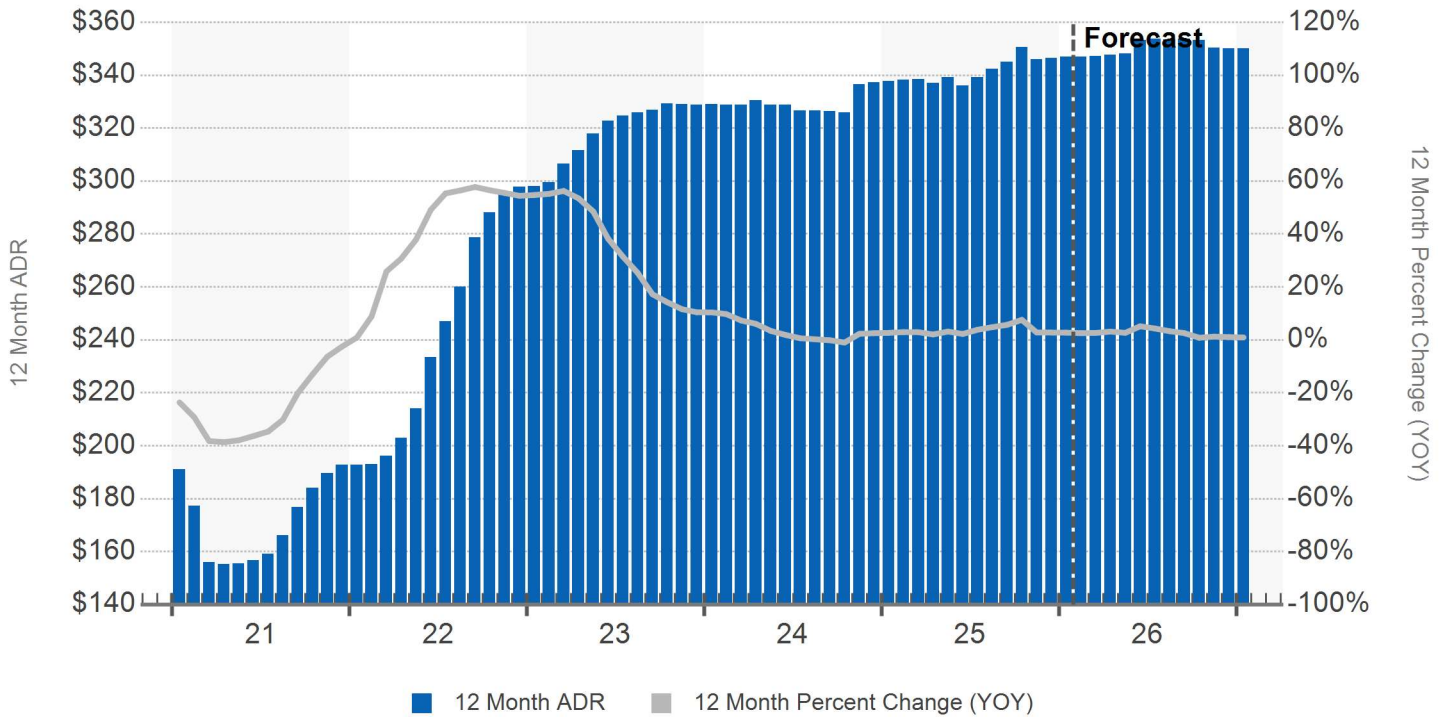
SUPPLY & DEMAND CHANGE



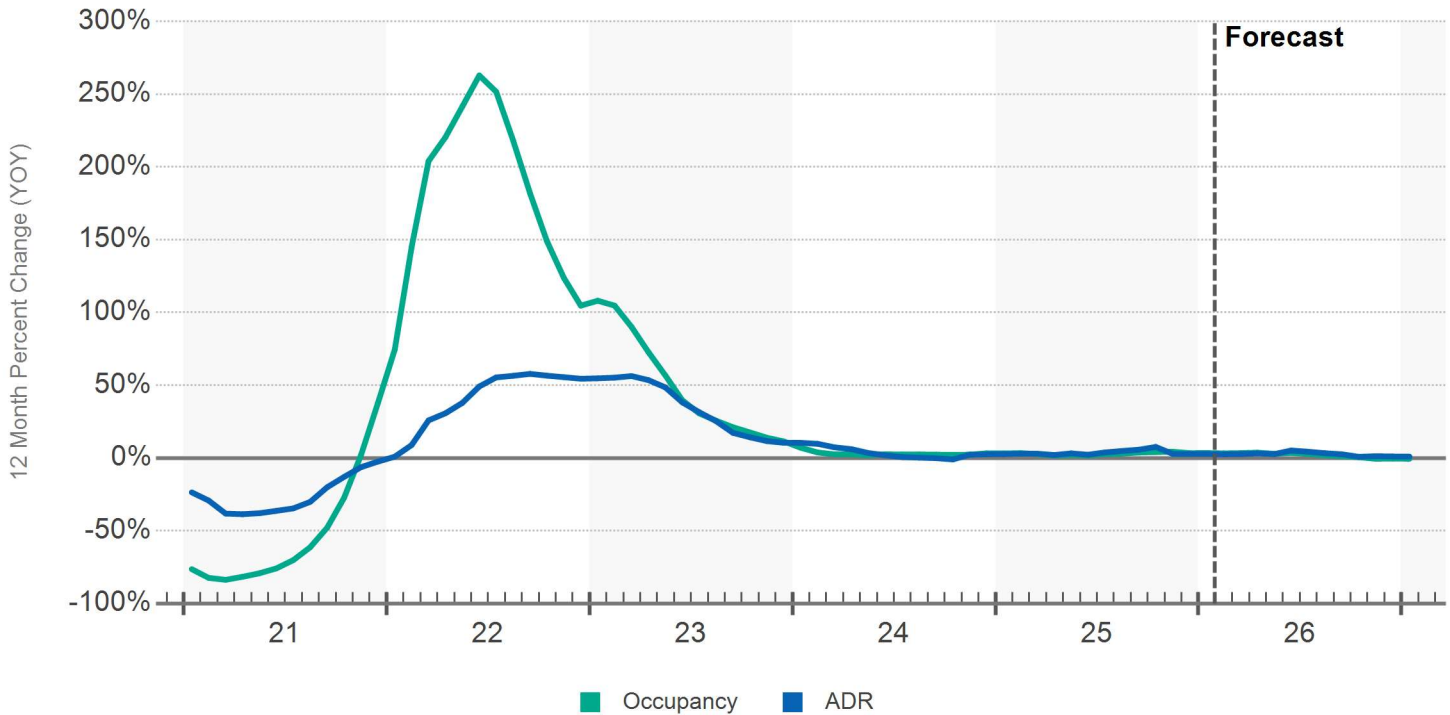
OCCUPANCY



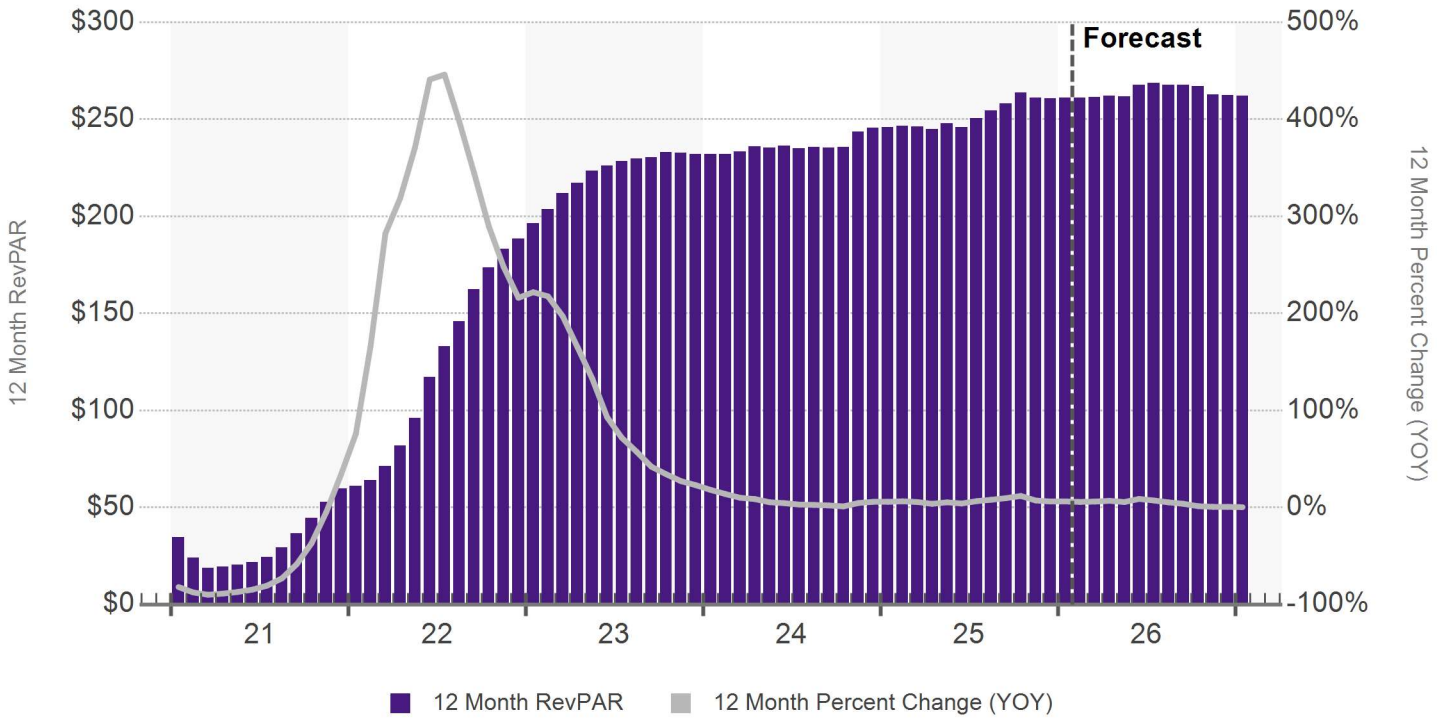
ADR



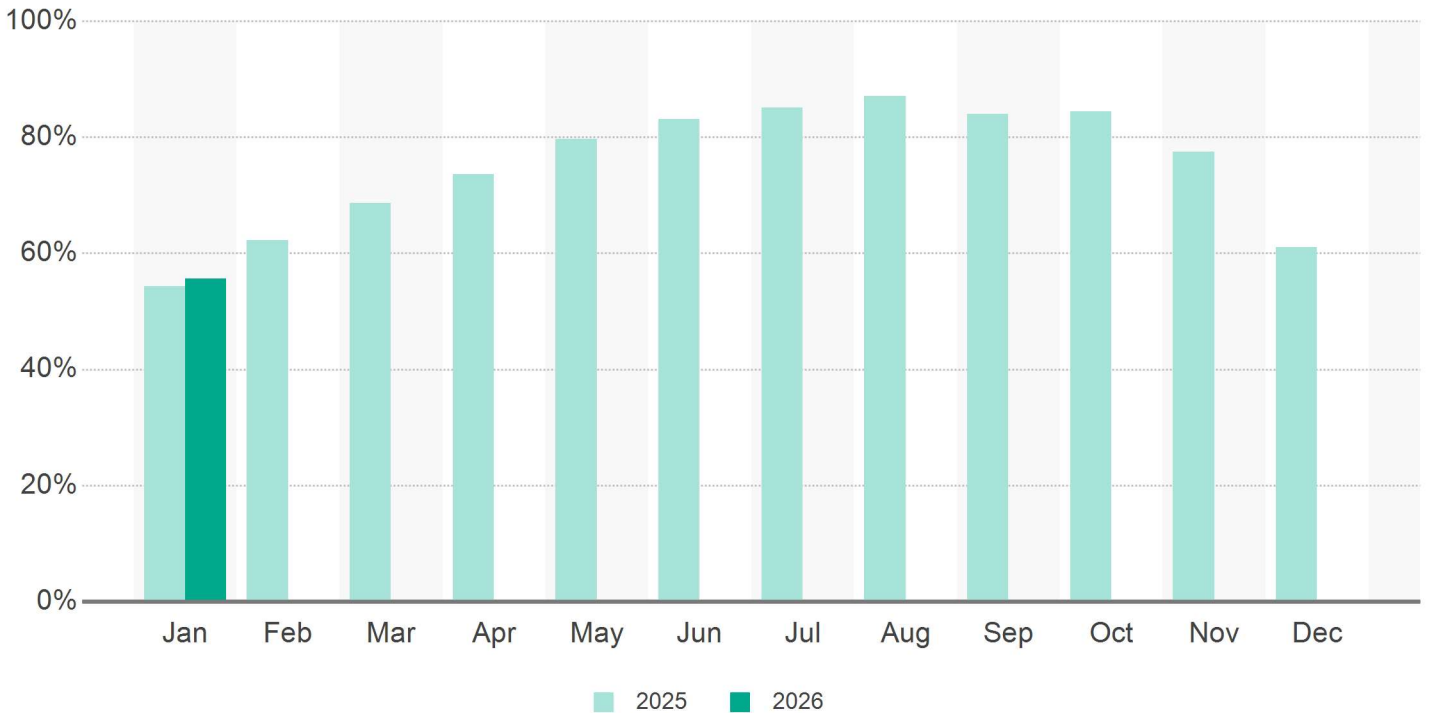
OCCUPANCY & ADR CHANGE



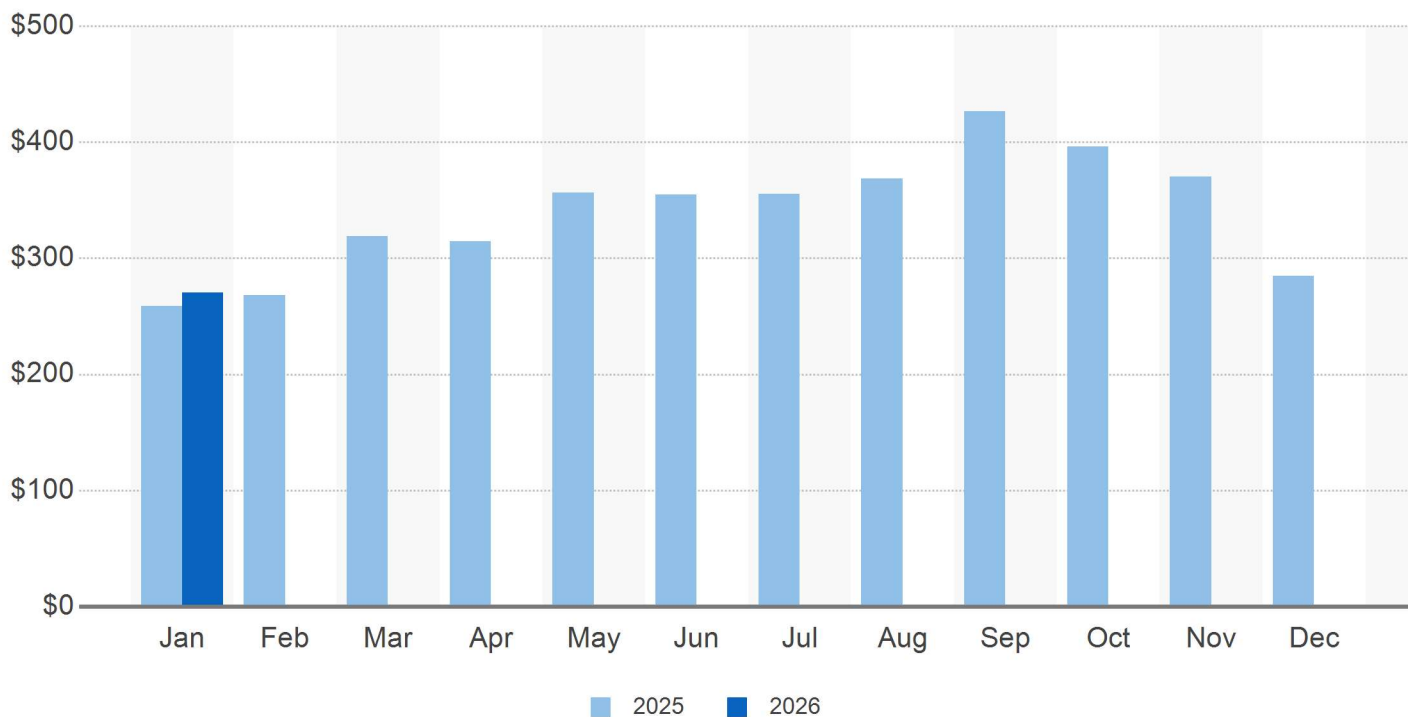
REVPAR



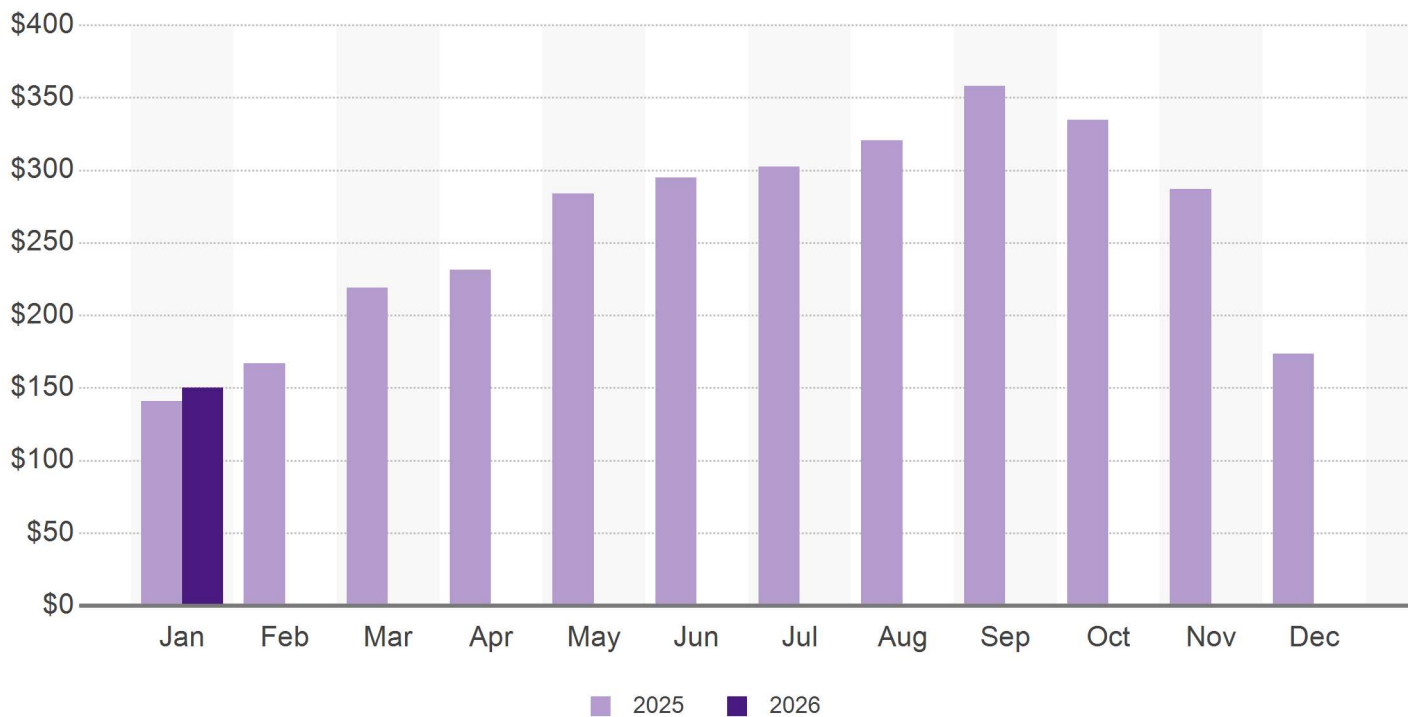
OCCUPANCY MONTHLY



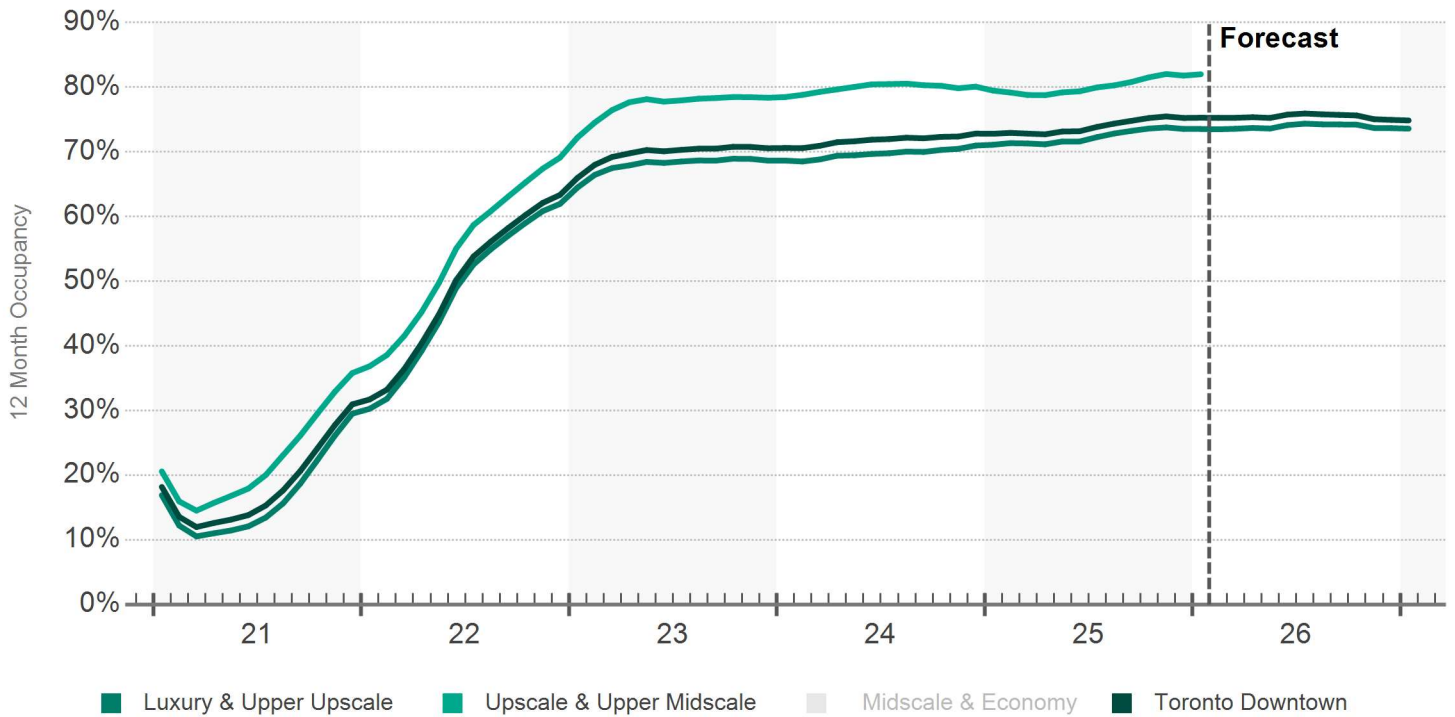
ADR MONTHLY



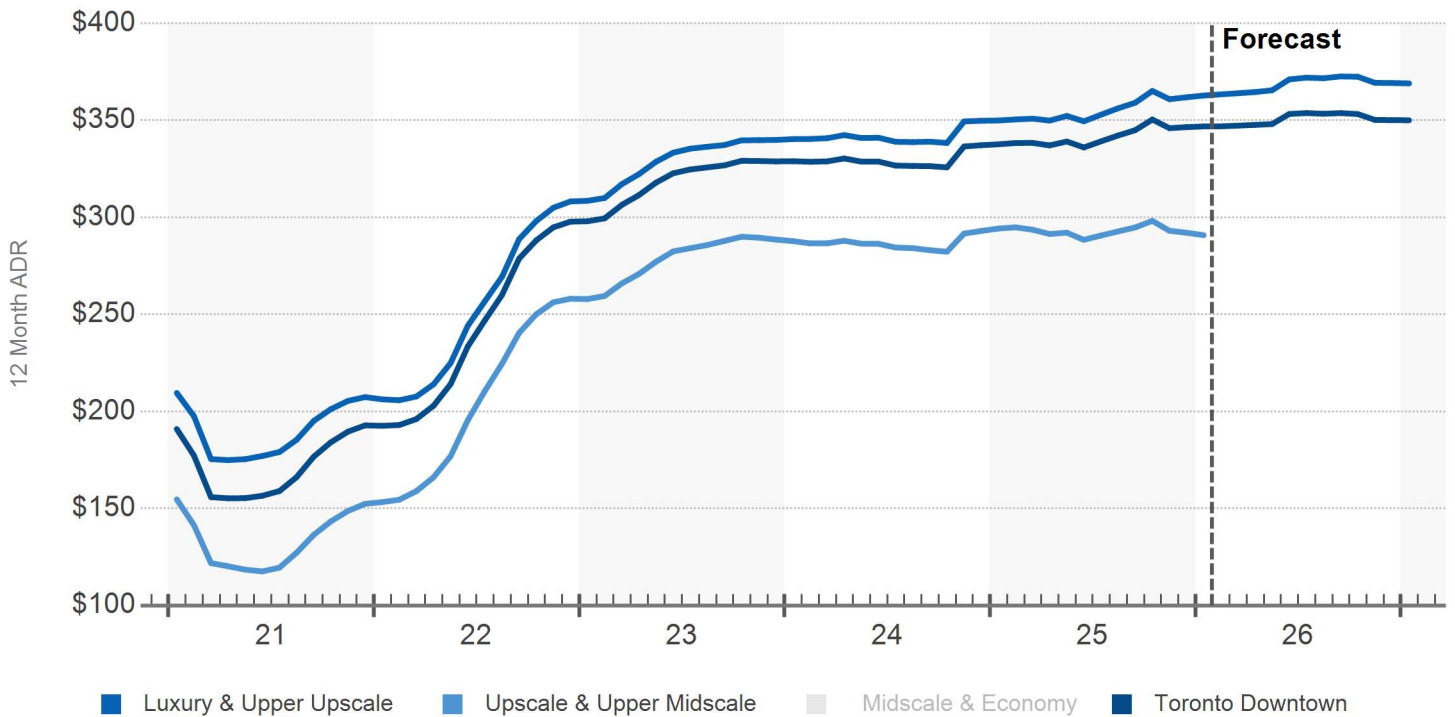
REVPAR MONTHLY



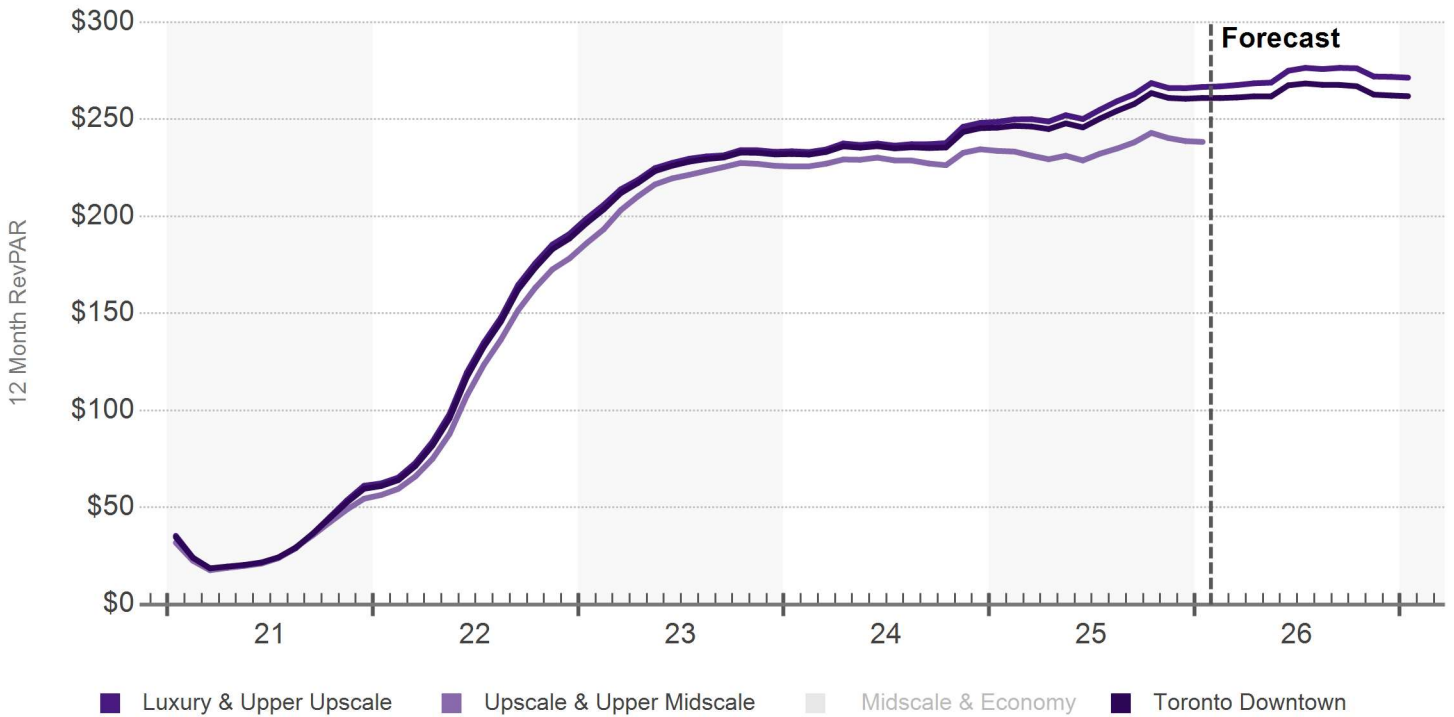
OCCUPANCY BY CLASS



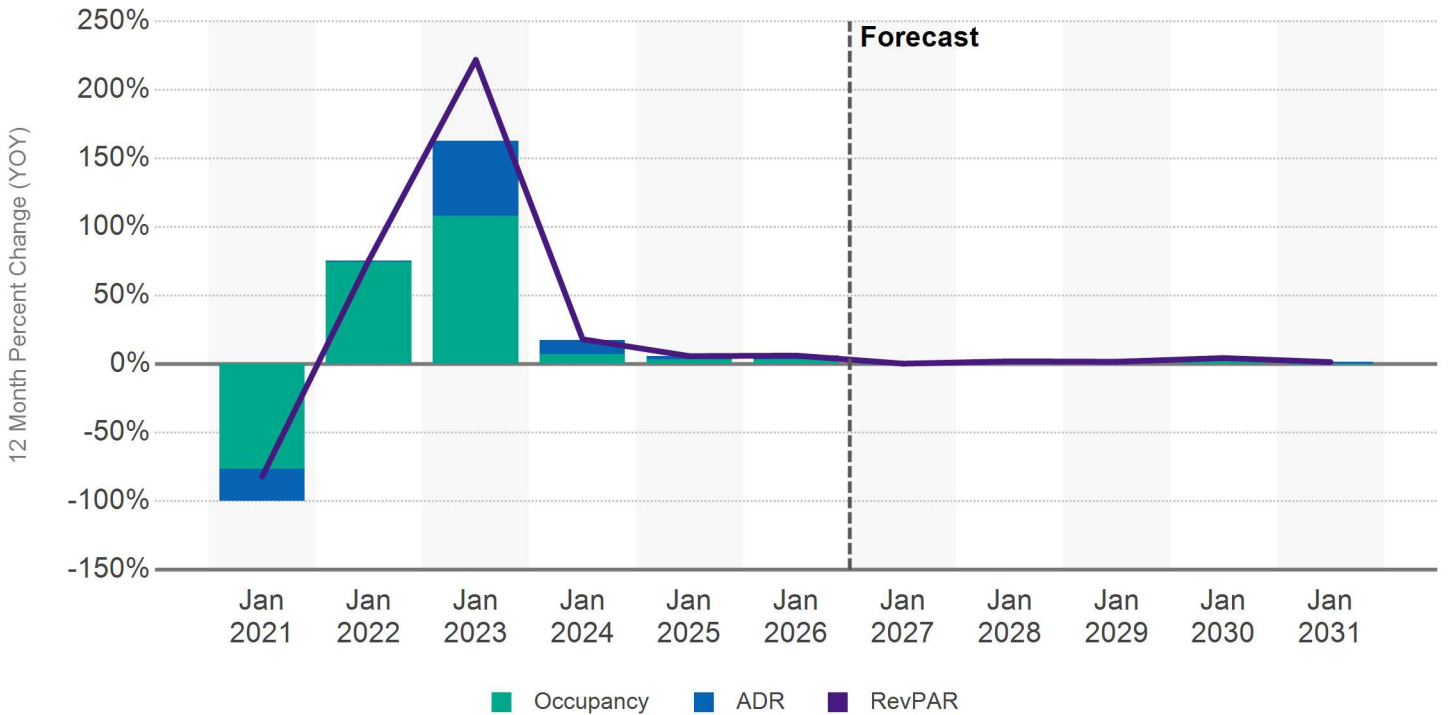
ADR BY CLASS



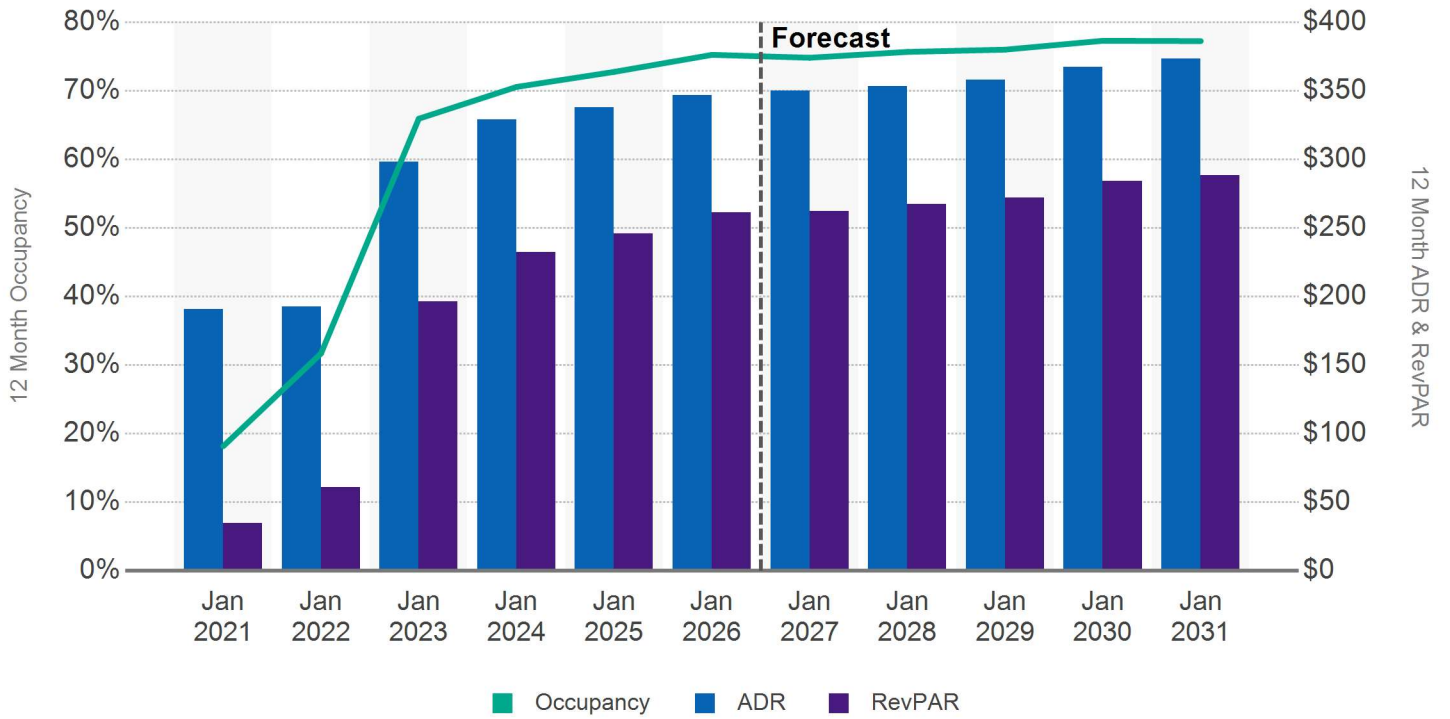
REVPAR BY CLASS



REVPAR GROWTH COMPOSITION



OCCUPANCY, ADR & REVPAR



FULL-SERVICE HOTELS PROFITABILITY (ANNUAL)

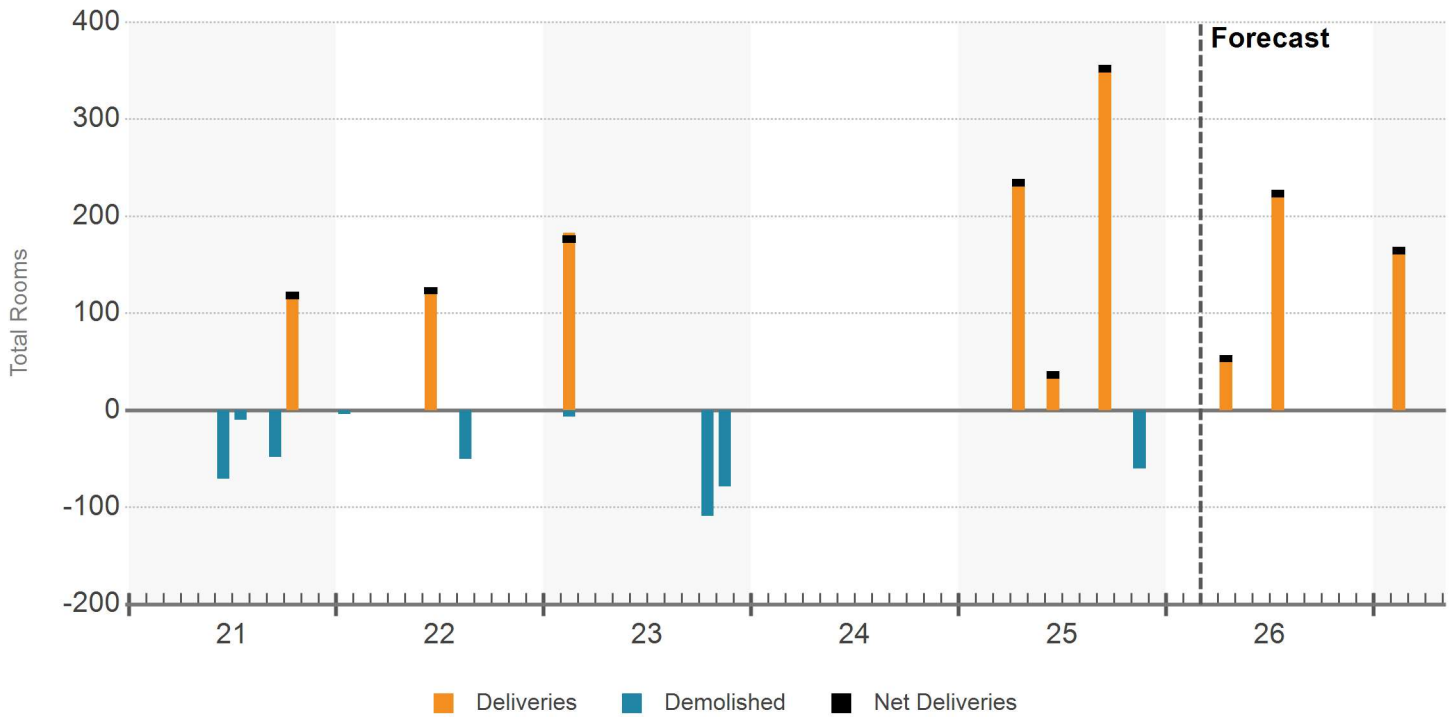
Market	2024			2023-2024 % Change	
	% of Revenues	Per Key	POR	Per Key	POR
Revenue					
Rooms	68.2%	\$93,398	\$356.51	2.6%	-1.7%
Food	15.3%	\$20,938	\$79.92	5.1%	0.8%
Beverage	5.8%	\$7,920	\$30.23	0.1%	-4.0%
Other F&B	5.1%	\$7,012	\$26.77	-1.6%	-5.7%
Other Departments	3.7%	\$5,030	\$19.20	7.1%	2.7%
Miscellaneous Income	1.9%	\$2,629	\$10.04	-1.8%	-5.9%
Total Revenue	100%	\$136,928	\$522.67	2.6%	-1.6%
Operating Expenses					
Rooms	26.7%	\$24,980	\$95.35	4.0%	-0.3%
Food & Beverage	80.9%	\$29,005	\$110.72	3.8%	-0.5%
Other Departments	70.7%	\$3,558	\$13.58	-0.1%	-4.2%
Administrative & General	7.0%	\$9,618	\$36.71	-0.6%	-4.8%
Information & Telecommunication Systems	1.7%	\$2,356	\$8.99	2.2%	-2.0%
Sales & Marketing	7.4%	\$10,158	\$38.77	5.1%	0.7%
Property Operations & Maintenance	3.6%	\$4,921	\$18.78	-0.2%	-4.3%
Utilities	2.4%	\$3,314	\$12.65	-12.1%	-15.8%
Gross Operating Profit	35.8%	\$49,018	\$187.11	3.2%	-1.1%
Management Fees	4.5%	\$6,201	\$23.67	9.9%	5.3%
Rent	9.6%	\$13,199	\$50.38	10.4%	5.9%
Property Taxes	3.0%	\$4,041	\$15.42	-1.7%	-5.8%
Insurance	0.9%	\$1,181	\$4.51	2.6%	-1.7%
EBITDA	17.8%	\$24,397	\$93.13	-1.1%	-5.2%
Total Labor Costs	35.1%	\$48,109	\$183.64	1.3%	-2.9%

(1) For Annual P&L, the current year exchange rate is used for each year going back in time. This current year exchange rate is the average of all 12 monthly rates for that year.

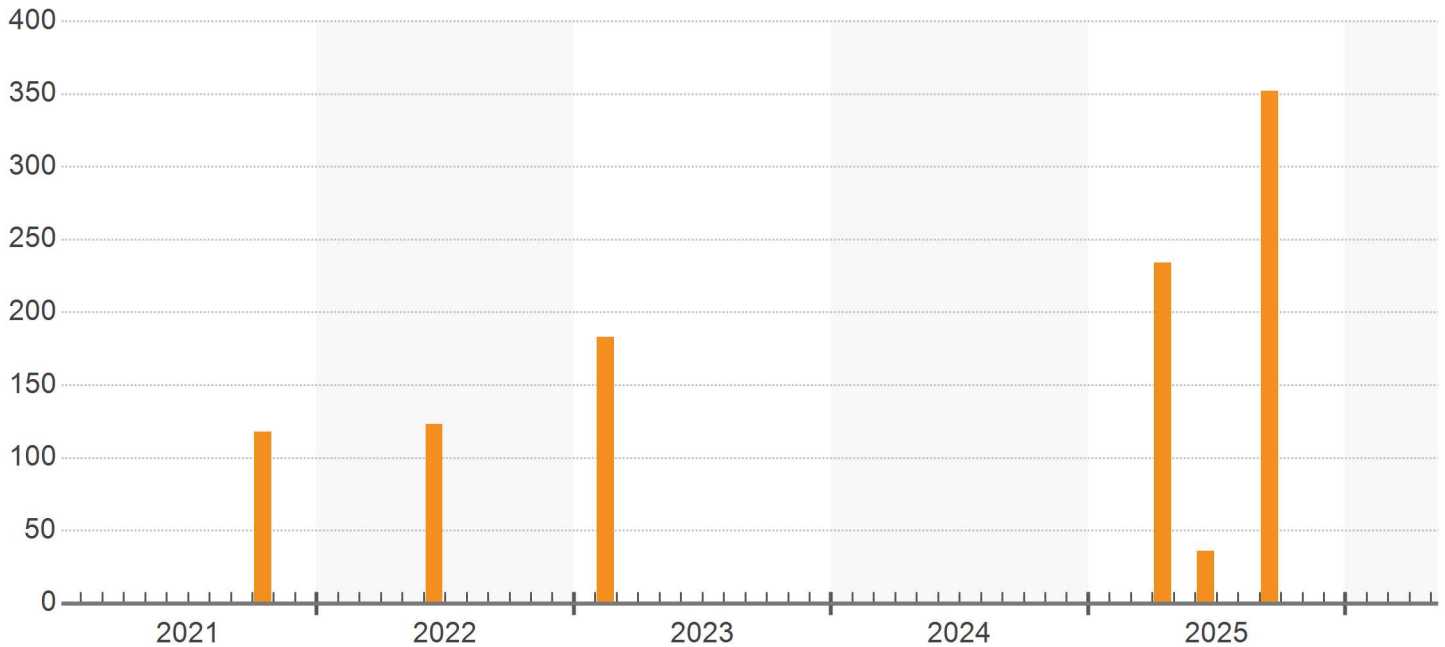
(2) Percentage of Revenues for departmental expenses (Rooms, Food & Beverage, and Other Departments) are based on their respective departmental revenues. All other expense percentages are based on Total Revenue.

(3) Labor costs are already included in the operating expenses above. Amounts shown in Total Labor Costs are for additional detail only.

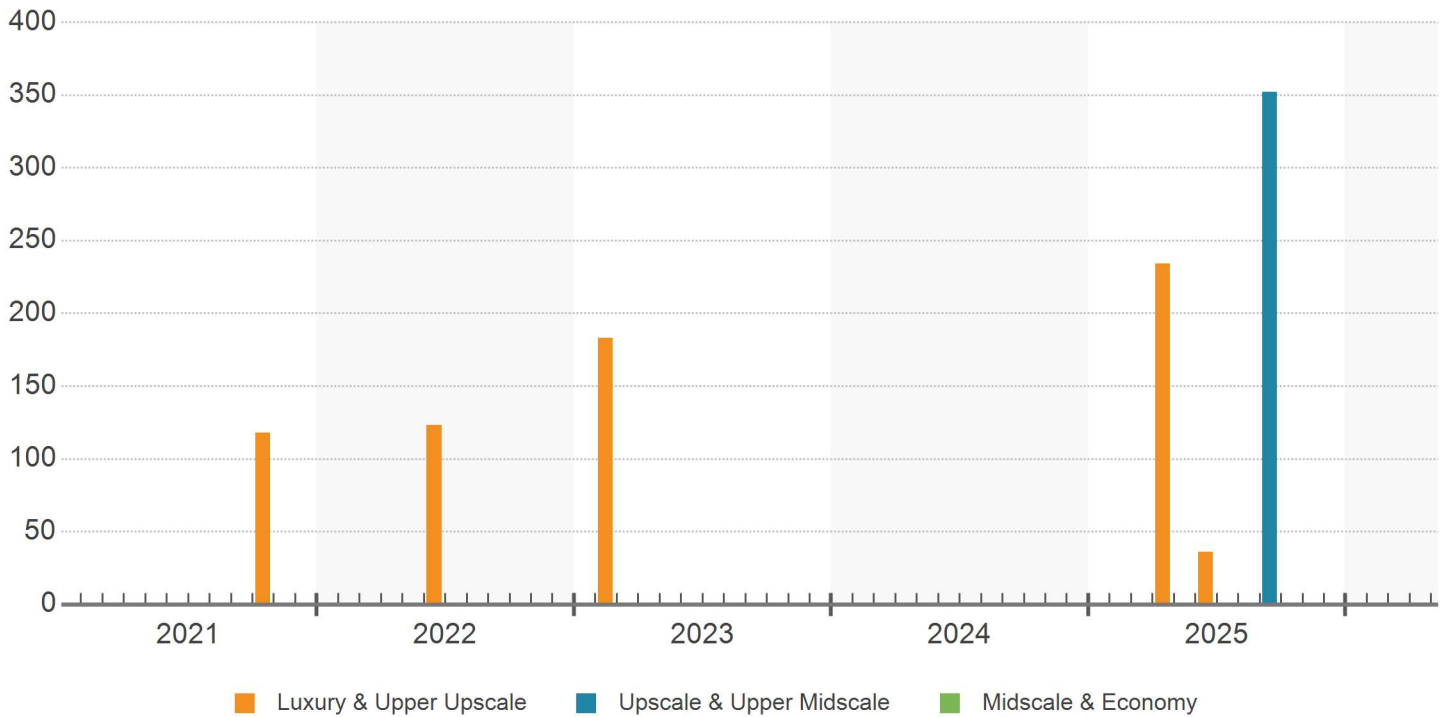
DELIVERIES & DEMOLITIONS



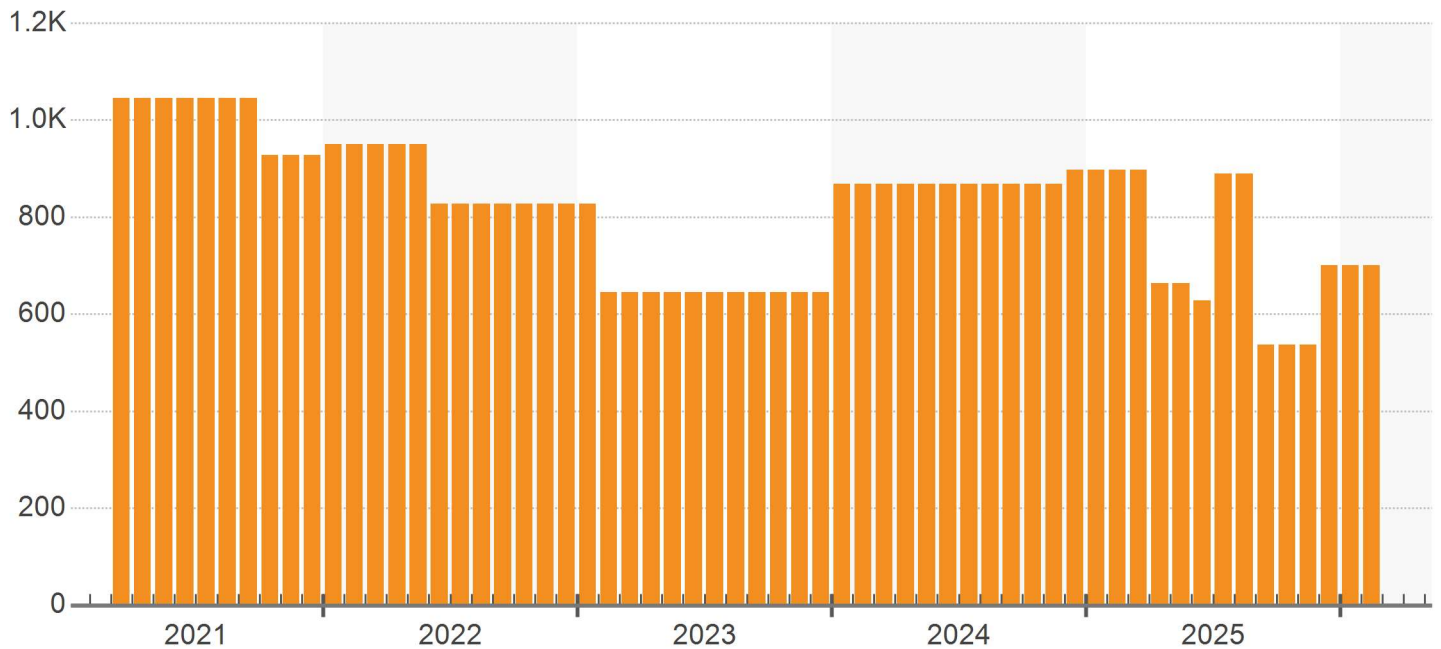
ROOMS DELIVERED



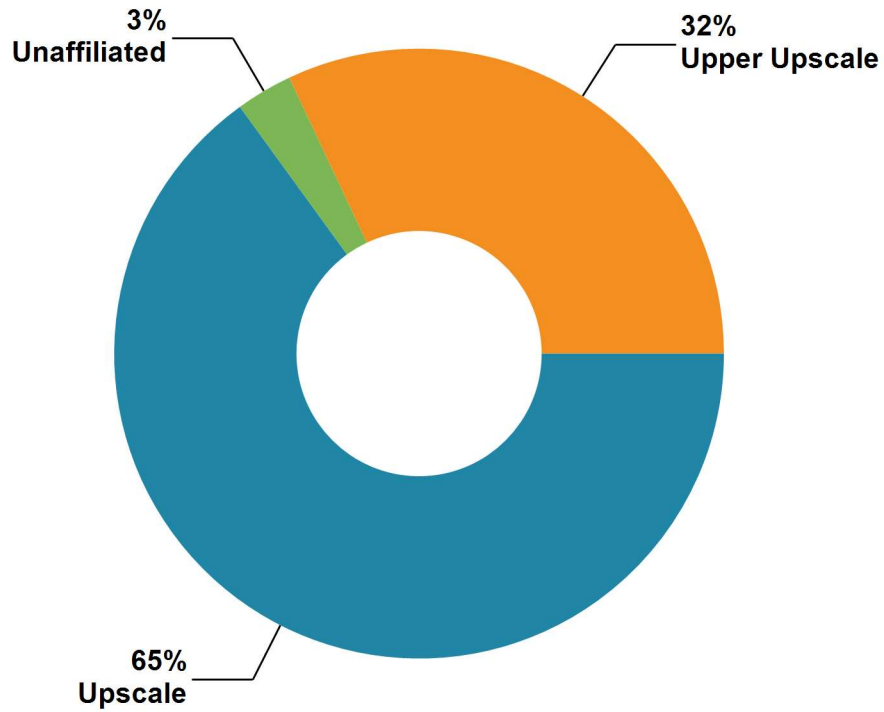
ROOMS DELIVERED BY CLASS



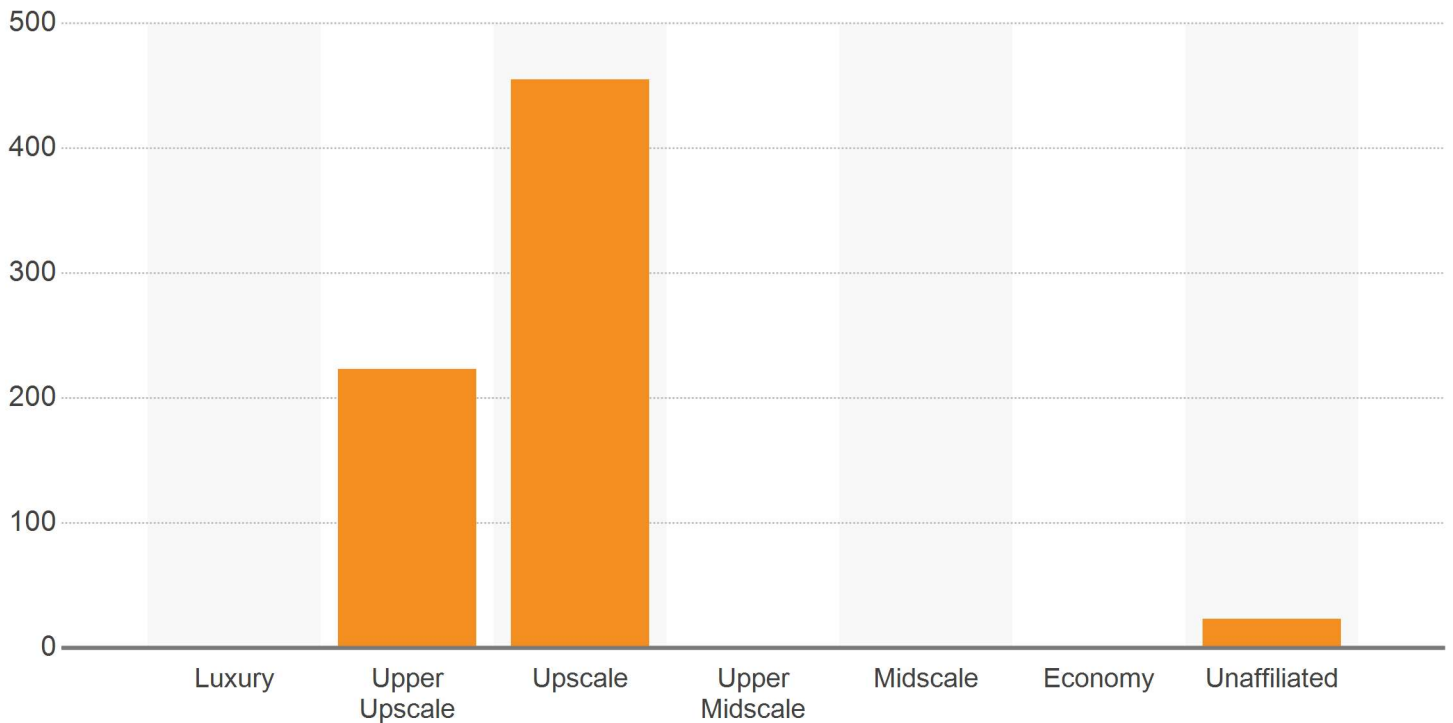
ROOMS UNDER CONSTRUCTION



TOTAL ROOMS UNDER CONSTRUCTION BY SCALE



ROOMS UNDER CONSTRUCTION BY SCALE



Under Construction Properties

Toronto Downtown Hospitality

Properties

Rooms

Percent of Inventory

Average Rooms

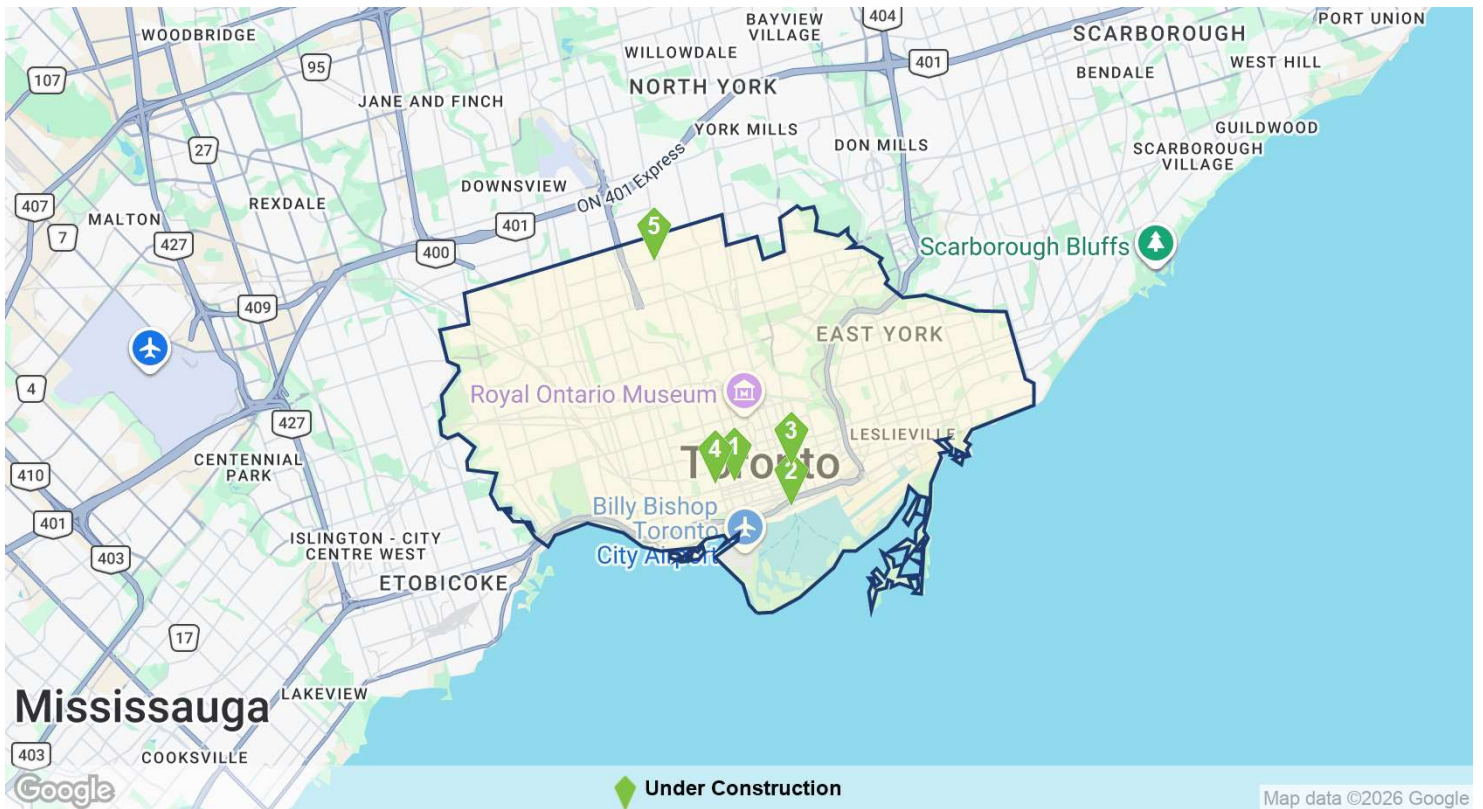
5

701

4.0%

140

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Class	Rooms	Stories	Start	Complete	Brand/Developer
1	Hyatt House Toronto - Downtown... 184 Spadina Ave	Upscale	261	15	Jul. 2025	Feb. 2028	Hyatt House Manga Corporate LP
2	Le Méridien Toronto Pinnacle Hotel 1 Yonge St	Upper Upscale	223	12	Jan. 2024	Jul. 2026	Le Meridien Pinnacle International
3	AC Hotel Toronto Downtown 80 Queen St E	Upscale	164	6	Dec. 2025	Feb. 2027	AC Hotels by Marriott St. Thomas Commercial Devel...
4	Ascend Hotel Collection Toronto 216 Bathurst St	Upscale	30	2	Dec. 2024	Apr. 2026	Ascend Collection Sterling Hotels
5	The Glenhill Hotel 2788 Bathurst St	Luxury	23	9	Jan. 2022	Apr. 2026	- Lanterra Developments Ltd.