

## OCTOBER-DECEMBER 2009

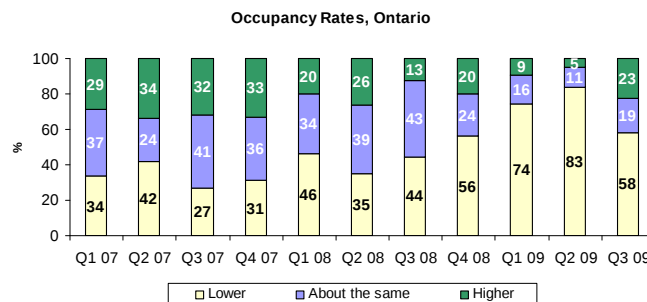
### Highlights

- 58% of Ontario hoteliers indicated that occupancy rates were lower in Q3 2009 relative to Q3 2008, 23% reported rates were higher and 19% stated rates were about the same as last year. Canadian hoteliers reported similar results.
- Regional Economic Conditions continued to be the primary business impediment among both Ontarian and Canadian hoteliers with 74% of Ontarian and 64% of Canadian operators citing this as a business obstacle. Excess Room Supply is the second leading barrier with 44% of Ontario and 36% of Canadian hotel operators reporting this as an issue. Exchange Rate Fluctuations is also a key impediment with 32% of Ontario hoteliers and 27% of Canadian hoteliers calling it out as a concern.
- Looking ahead to the fourth quarter of 2009, Ontario hotel operators are less optimistic about Occupancy Rates, Room Nights, ADR, Business Travellers and Hours Worked: 60-70% of Ontario hoteliers expect each of these factors to decline in Q4 2009 compared to the previous year. Although this outlook is less favourable than that of the previous year, it is less negative than it was in the previous quarter.

**NOTE:** The Business Conditions Survey is a quarterly study among Canadian traveller accommodation providers. It is conducted by Statistics Canada and funded by the Ontario Ministry of Tourism, the Canadian Tourism Commission and Statistics Canada.

### Recent Business Conditions: Q3 2009

58% of Ontario hoteliers reported occupancy rates were lower in the third quarter of 2009 than in Q3 2008; 19% indicated occupancy rates were about the same and 23% stated they were higher.



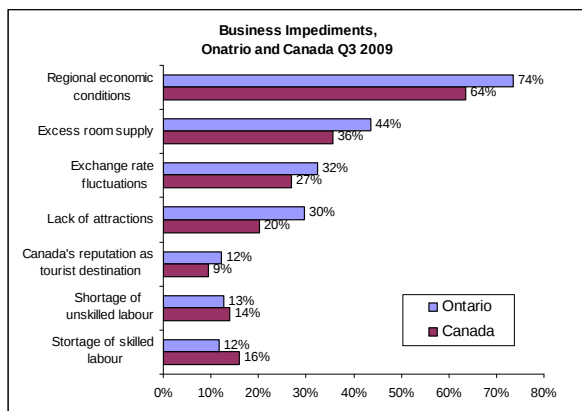
Hoteliers across the country reported similar results, with 66% of Canadian hoteliers indicating that occupancy rates were lower in Q3 2009 compared to Q3 2008. 20% stated occupancy rates were about the same and 14% reported they were higher.

### Business Impediments

In Q3 2009, Regional Economic Conditions continued to be the number one business obstacle facing Ontario and Canadian hotel operators with 74% of Ontarian and 64% of Canadian hoteliers citing this as a business impediment. This compares to 51% in Ontario and 29% in Canada in Q3 2008.

Prior to Q4 2008, Exchange Rate Fluctuations has been the primary barrier for Ontario hoteliers since Q2 2007. Although Exchange Rate is no longer the number one or number two hindrance, it is still a key impediment with 32% of Ontario hoteliers reporting it as a concern. 27% of Canadian hoteliers state Exchange Rates Fluctuations as an obstacle.

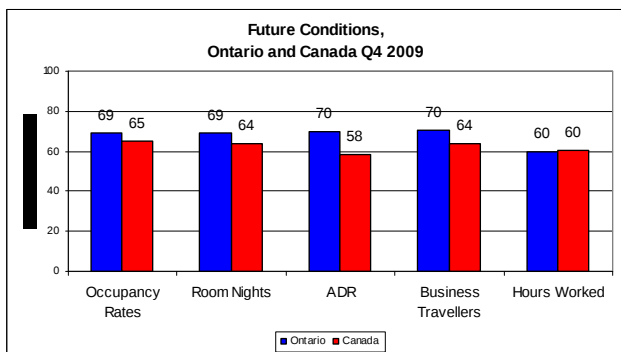
Excess room supply continues to be the second largest business impediment with 44% of Ontario and 36% of Canadian hotel operators citing it as an issue.



## Future Business Conditions: Q4 2009

Looking ahead to the fourth quarter of 2009, both Ontarian and Canadian hotel operators are less optimistic about business performance relative to Q4 2008.

60-70% of Ontario hoteliers expect lower results on the following 5 factors – Occupancy Rates, Room Nights, ADR, Business Travellers and Hours worked in Q4 2009 compared to Q4 2008. Canadian hoteliers are similarly not optimistic about the upcoming quarter.



### Occupancy Rates

- 69% of Ontario hoteliers are expecting occupancy rates to decrease in Q4 2009 compared to Q4 2008, while 17% expect them to be similar, and 14% expect an increase. This compares to 85% expecting lower occupancy rates in Q3 2009 and 47% in Q4 2008.

### Room Nights

- 69% (compared to 83% last quarter) are expecting the number of room nights to decline in Q4 2009, while 17% are expecting them to remain unchanged and 14% are expecting them to increase. The outlook is less favourable than Q4 2008, when 52% of Ontario hoteliers were expecting less room nights, 41% were expecting no change and 7% were expecting more.

### Average Daily Rate

- Expectations around ADR, which had remained strong until the second quarter of 2008, have shown less optimism for six consecutive quarters. 3% of Ontario hoteliers are expecting to see higher rates in the fourth quarter of 2009, while 70% are expecting rates to be lower. In comparison to the same quarter of last year, 19% of hoteliers were expecting rates to be higher and 39% were expecting them to be lower.

### Business Travellers

- The majority of Ontario hoteliers (70%) are expecting to see fewer business travelers in Q4 2009 than in the same quarter of the previous year. 7% expect to see more business travelers during the coming quarter, while 22% expect the number to be about the same.

### Hours Worked

- 60% of Ontario hoteliers expect hours worked to decrease in the fourth quarter of 2009, while 39% expect hours worked to remain the same and 1% expect them to increase.

