



Northern Ontario Fixed Roof Accommodation Performance

2020 – 2021

Destination Northern Ontario

February 28, 2022

Agenda

1. Methodology
2. Operating Results
3. Marketing & Segmentation
4. COVID-19 Relief & Funding
5. Looking Forward: 2022



Methodology

1

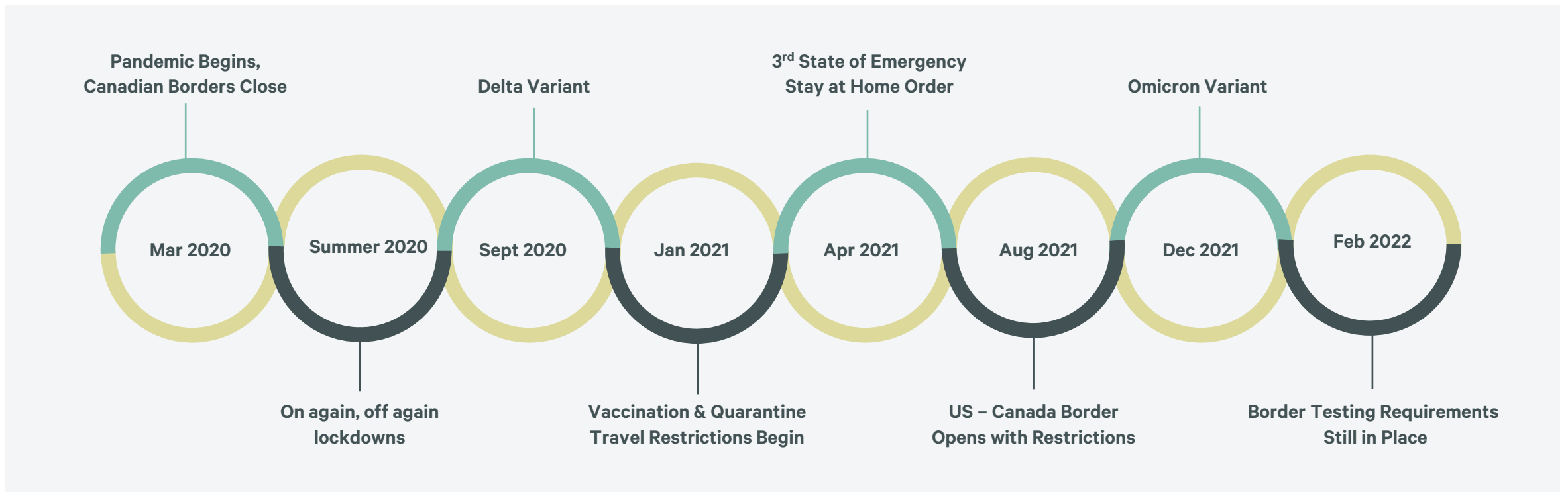


Study Process

- Project meeting with DNO and sub-regional marketing leads – Sunset Country, Superior Country, Algoma Country, and NeONT – and NOTO, December 6, 2021
- CBRE created and launched an on-line survey with assistance from DNO, NOTO, and sub-regional marketing leads
- Survey in field from December 7, 2021 to February 13, 2022
- Survey received 182 responses, of which 90 were complete (49%)
- Survey slides denote number of participant responses with an “n=” indicator



Timeline of COVID-19 Factors Affecting Ontario Accommodations



Fixed-Roof Accommodation Types

Operators asked to classify their properties into one of four categories.



Hotel/Motel/Resort

Hotel/Motel: independent property location in a rural community or highway location.

Resort: hotel or lodge with or without cottages/cabins, NOT dedicated to fishing or hunting, often more oriented to families with summer activities.

Also includes B&B and Inns



Housekeeping Cottage/Cabin Resort

Housekeeping cottage resorts with cottages/cabins, excluding American Plan packages.



Hunting/Fishing Lodge

Hunting or fishing lodge, typically offering packaged rates, priced per person with/without American Plan or meals (may also include cabin rentals).

Includes:

- Drive-In Lodges
- Boat-In Lodges



Fly-In & Other Access Lodge/Remote Outpost

Hunting or fishing lodge/cabins that cannot be reached by car and requires air, rail, sled, or other access, typically offering packaged rates, priced per person with/without American Plan or meals (may also include cabin rentals).

Includes:

- Fly-In or other access lodges
- Remote Outposts

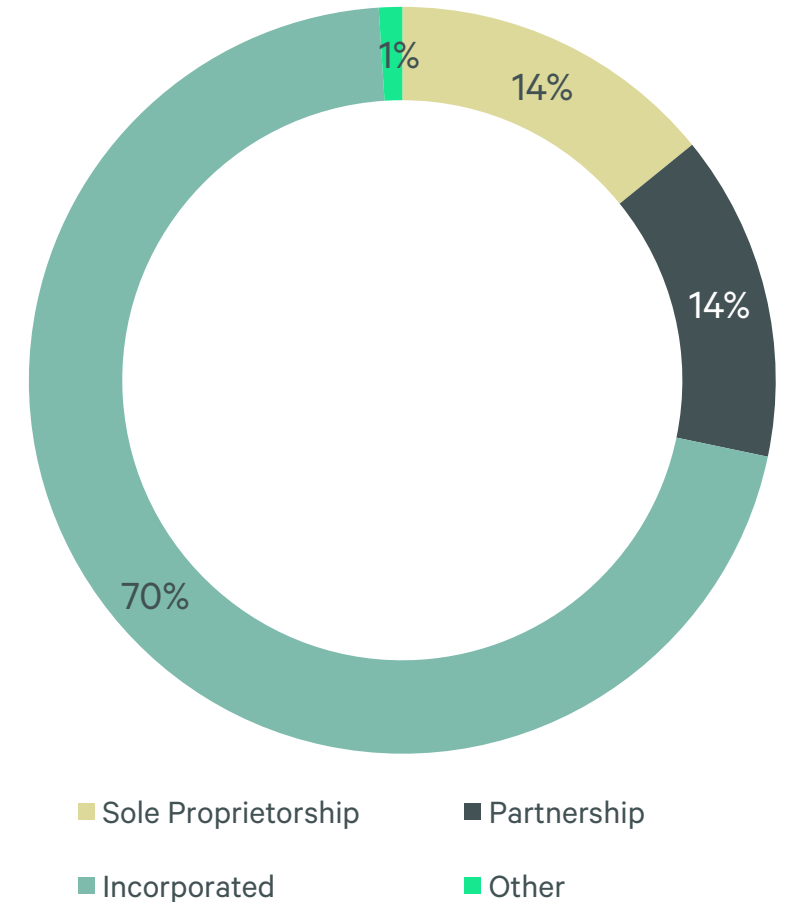
Respondent Profile

Based on the sample, 7 in 10 respondents were incorporated.

Survey Respondents, n= 90

BY PROPERTY TYPE	
Hotel/Motel/Resort	7
Housekeeping Cottage/Cabin Resort	15
Hunting/Fishing Lodge	44
Fly-In/Remote Outpost	24
BY REGION	
13a Northeastern Ontario	11
13b North Central Ontario	14
13c Northwestern Ontario	65
TOTAL	90

Ownership Type, n= 90



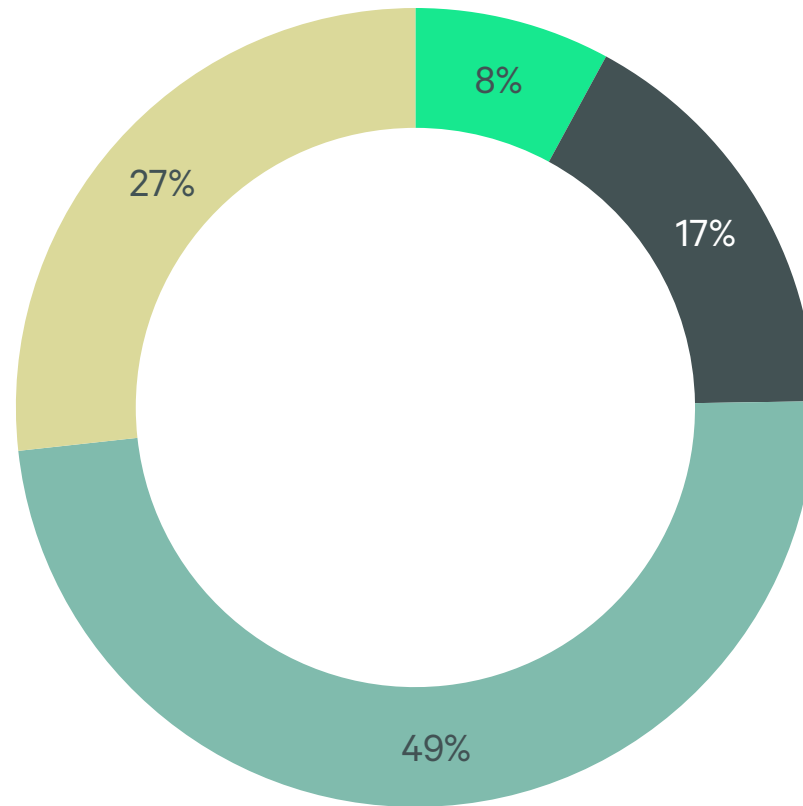
Respondent Profile

The majority of survey respondents were located in Northwestern Ontario.

Just under 50% of respondents were comprised of hunting/fishing lodges, followed by fly-in/remote outposts.

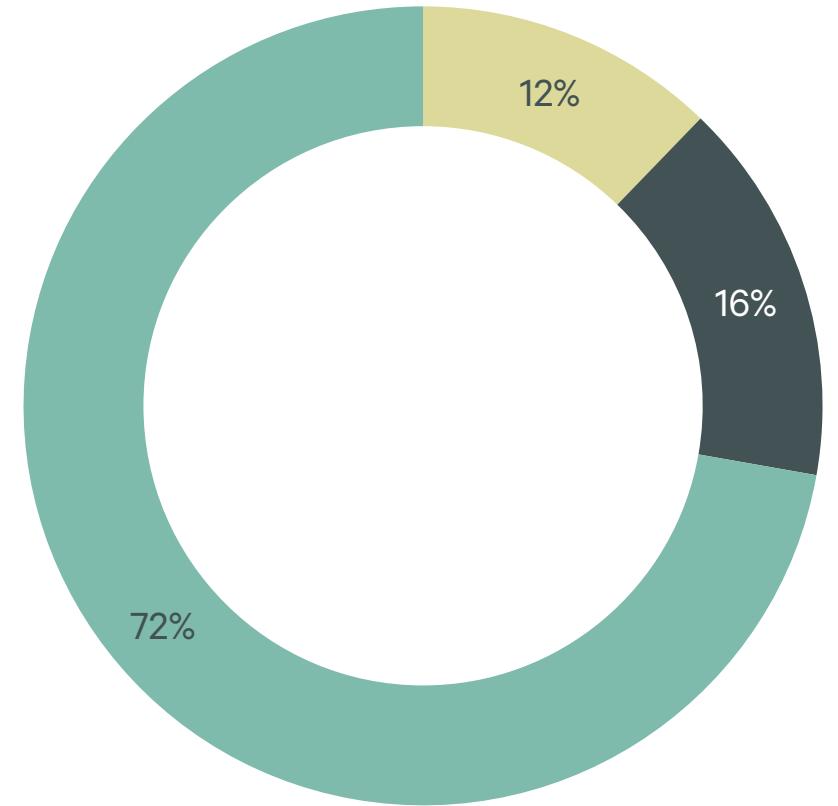
n=90

Respondents by Property Type, n=90



- Hotel/Motel/Resort
- Cottage/Cabin
- Hunting/Fishing Lodge
- Fly-In/Remote Outpost

Respondents by Region, n=90

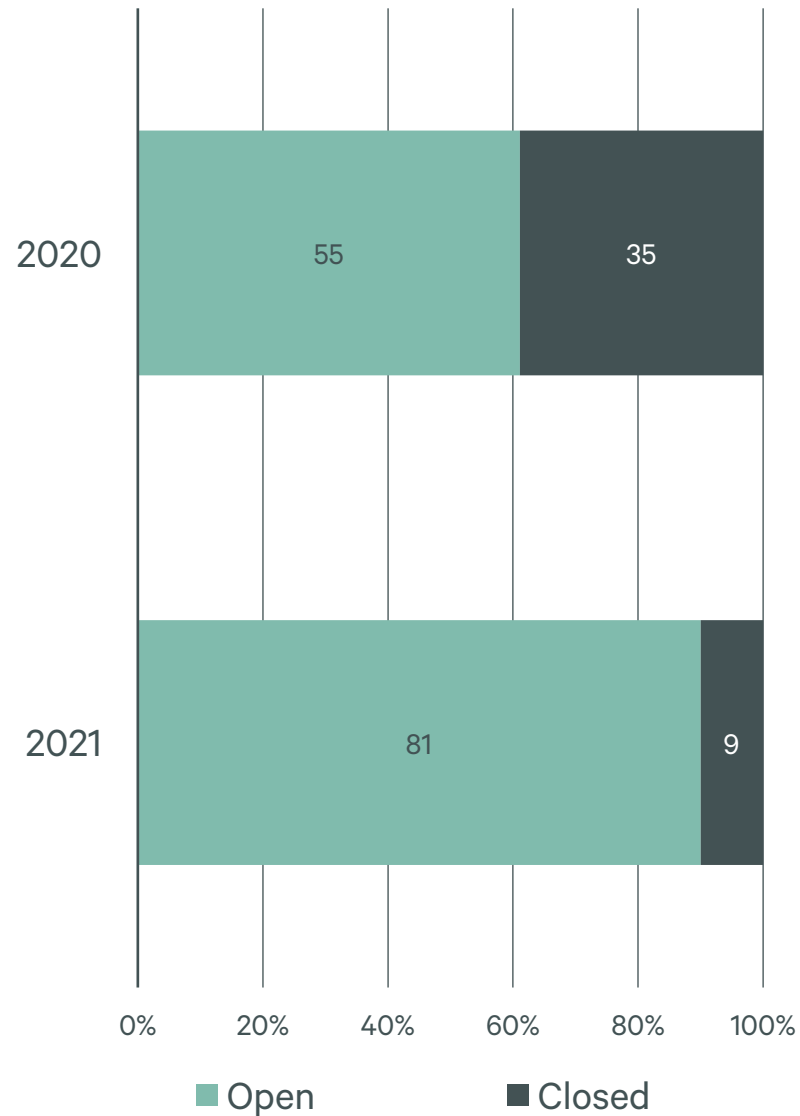


- 13a
- 13b
- 13c

Did you open your property for any length of time?

“Essential workers became essential guests”

n=90



Common themes from comments:

- Changed business model to accept essential workers, road workers, or longer-term stays
- We were open but had very few guests
- We stayed open for local traffic and Ontario guests until it wasn't feasible
- 2020 season “was a bust” with only a few groups in key fishing and hunting weeks.
- Opened for a couple contractors, here and there.
- Captured US guests from August to October 2021 when the border opened.
- 2021 we opened for Canadians but only had a few groups...we lost money opening for them.
- Throughout the year we had many cancellations due to COVID.
- Almost everyone cancelled—even when the border reopened—due to the additional testing/ vaccination requirements.
- Opened accommodations but kept facilities like restaurants closed.

Operating Results

2



Accommodation Supply

In 2021, overall unit inventory increased by 30% over 2020.

Changes in supply due to closed/reopened inventory with lifted COVID restrictions, out of inventory for renovations, or operators sold off partial inventory.

Units = Guestrooms, Cottage/Cabins, Outposts

*Only includes properties that opened

	2020			2021			% Change
	Property	Total Units	Avg. Units/Prop	Property	Total Units	Avg. Units/Prop	Total Units
BY PROPERTY TYPE							
Hotel/Motel/Resort	7	253	36	7	253	36	0%
Housekeeping Cottage/Cabin Resort	11	126	11	15	162	11	29%
Hunting/Fishing Lodge	25	249	10	40	374	9	50%
Fly-In/Remote Outpost	12	132	11	19	200	11	52%
BY REGION TYPE							
13a	11	231	21	11	234	21	1%
13b	14	153	11	14	155	11	1%
13c	30	376	13	56	600	11	60%
Total	55	760	14	81	989	12	30%

Operating Season

Typical Pre-COVID Operating Seasons

- In 2019, lodges & outposts averaged 157 operating days
- Housekeeping/cottage resorts averaged 200 operating days in 2019

*Only includes properties that opened

	2020		2021	
	Property	Avg. Op. Days	Property	Avg. Op. Days
Hotel/Motel/Resort	7	241	7	238
Housekeeping Cottage/Cabin Resort	11	167	15	176
Hunting/Fishing Lodge	25	116	40	108
Fly-In/Remote Outpost	12	64	19	93
GRAND TOTAL	55	131	81	128

For both 2020 and 2021:

Minimum operating season was 1-2 weeks in both years.

Most common seasonal operations opened from May to Oct/Nov.

Several operators stated they delayed opening in both years.

Accommodation Demand

In 2021, total guest demand almost doubled over 2020 levels.

However, demand is not back to 2019 levels, when the average property hosted 670 guests/season.

2021 results represent a 35% recovery back to 2019 levels.

*Only includes properties that opened (55 in 2020, 81 in 2021)

*Excludes Hotel/Motel/Resort properties

	2020		2021		Change %
	Total Guests	Avg. Guests/Prop.	Total Guests	Avg. Guests/Prop.	Total Guests
BY PROPERTY TYPE					
Housekeeping Cottage/ Cabin Resort	3,030	275	6,452	430	113%
Hunting/Fishing Lodge	4,809	192	8,079	202	68%
Fly-In/Remote Outpost	938	78	2,637	139	181%
BY REGION TYPE					
13a	4,167	463	7,855	873	89%
13b	1,425	130	2,806	255	97%
13c	3,185	114	6,507	121	104%
Total	8,777	183	17,168	232	96%

Hotel/Motel/Resort Demand & Average Daily Rate

RevPAR Recovery

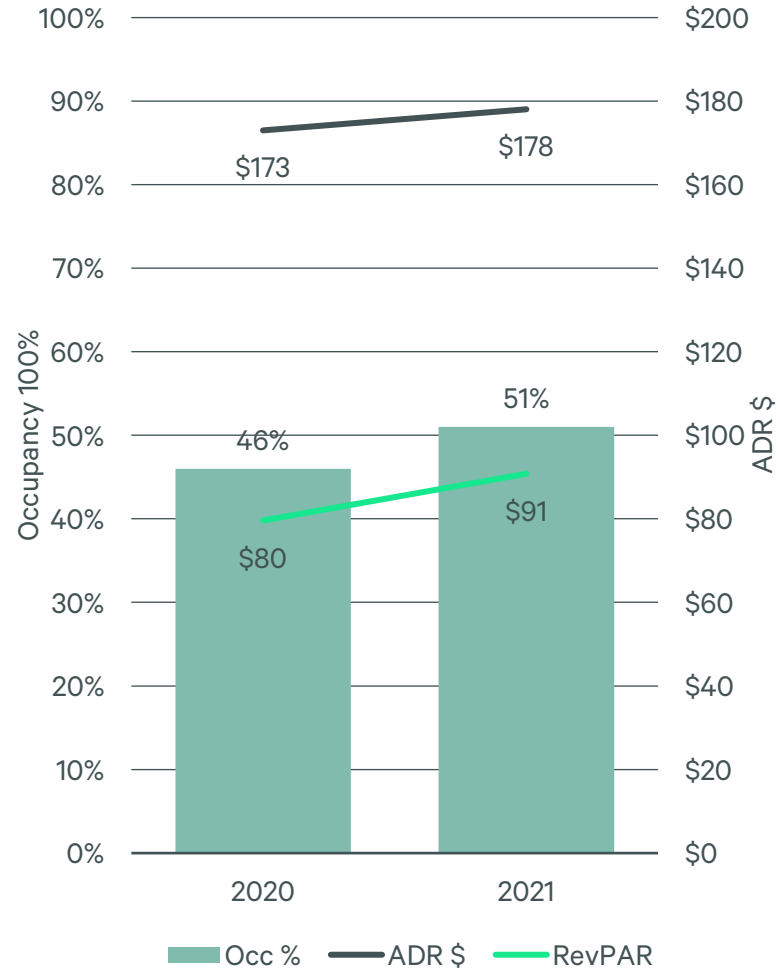
Based on CBRE's Hotel sample, RevPAR has recovered to 80% of 2019 levels.

*RevPAR = Revenue per available room (Occupancy x ADR)

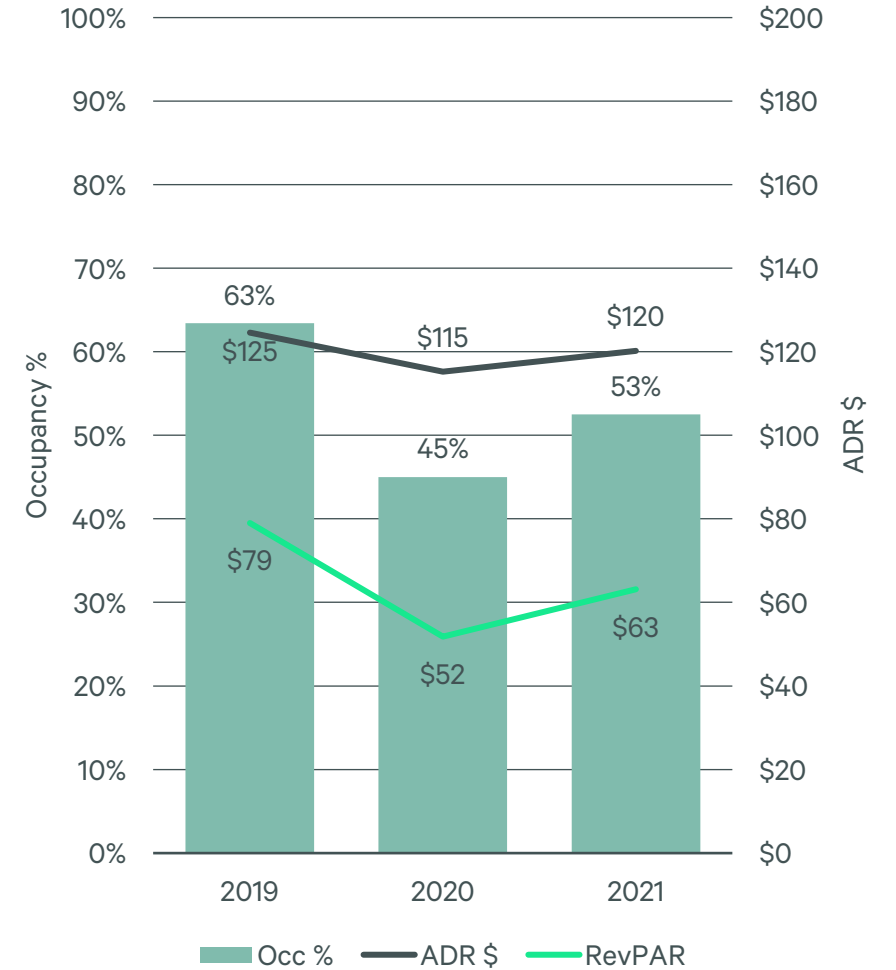
*Survey sample only includes properties that opened (n=7), of which the majority of rooms are from resort properties.

*CBRE Hotels sample, n= ~90. The majority of CBRE's sample is urban hotel rooms.

Survey Sample



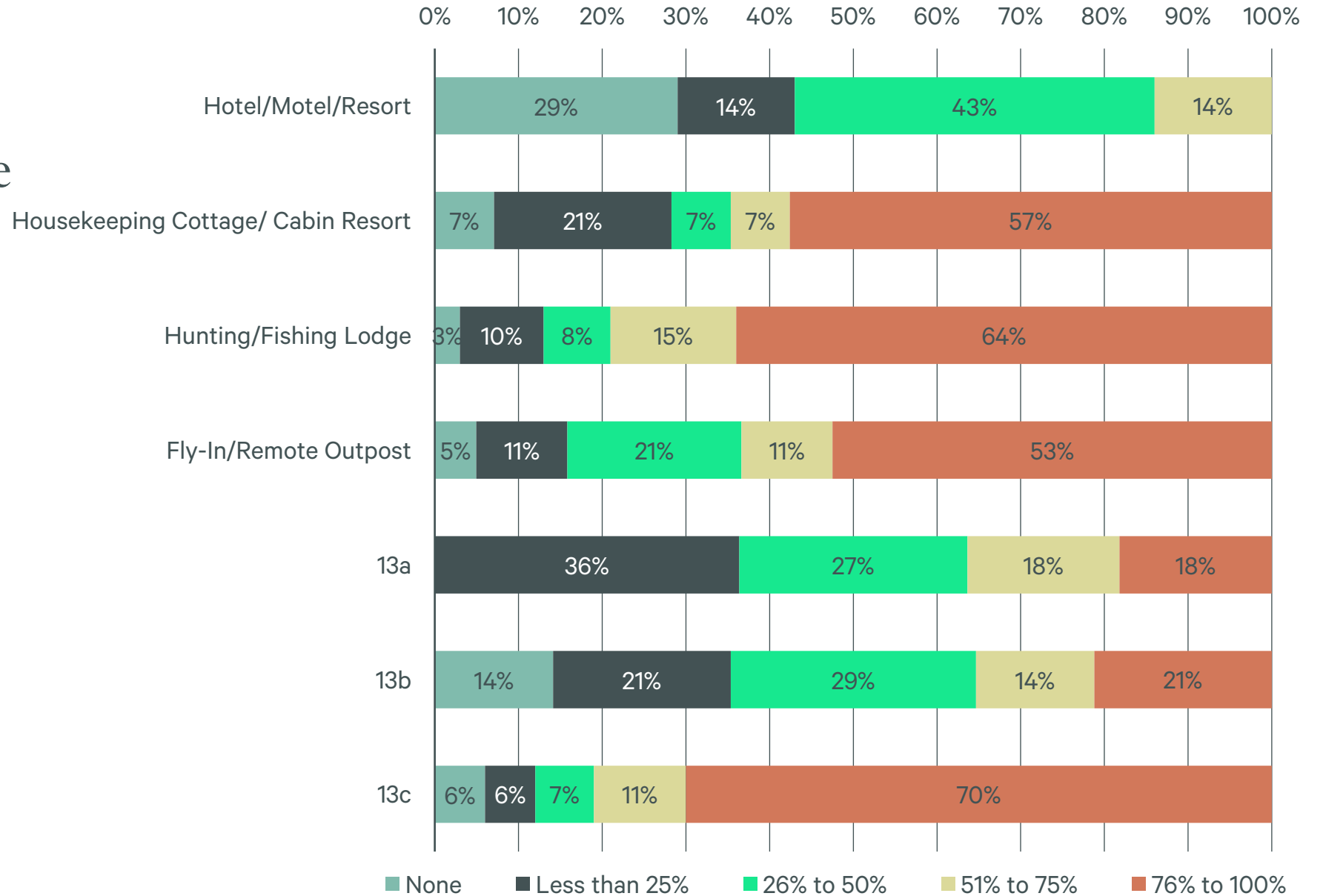
CBRE Hotels Sample



Properties that were able to rebook/postpone bookings from 2020 to 2021

*Only includes properties that opened, n=79

Survey Question: What percent of your guests/bookings that stayed with you in 2021 were reservations from 2020 that were rebooked or postponed?



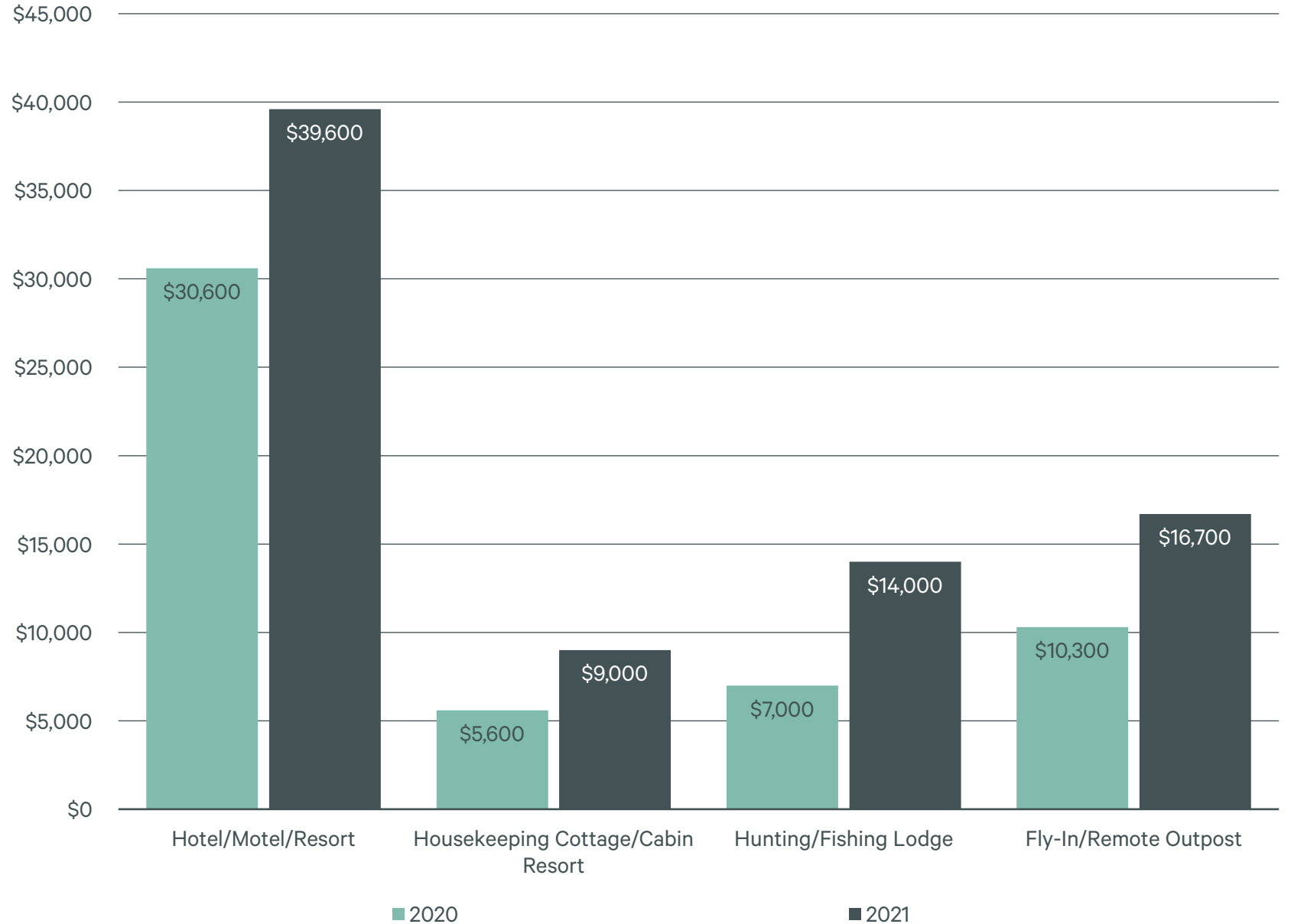
Operating Revenues per Available Unit

(Excludes any COVID-19 operating relief funding)

On average, hotel/motel/resorts' operating revenues increased by 30% in 2021 over 2020.

In comparison, housekeeping cottages, hunting/fishing lodges, and fly-in/remote outpost operating revenues increased by an average of 80% in 2021 over 2020.

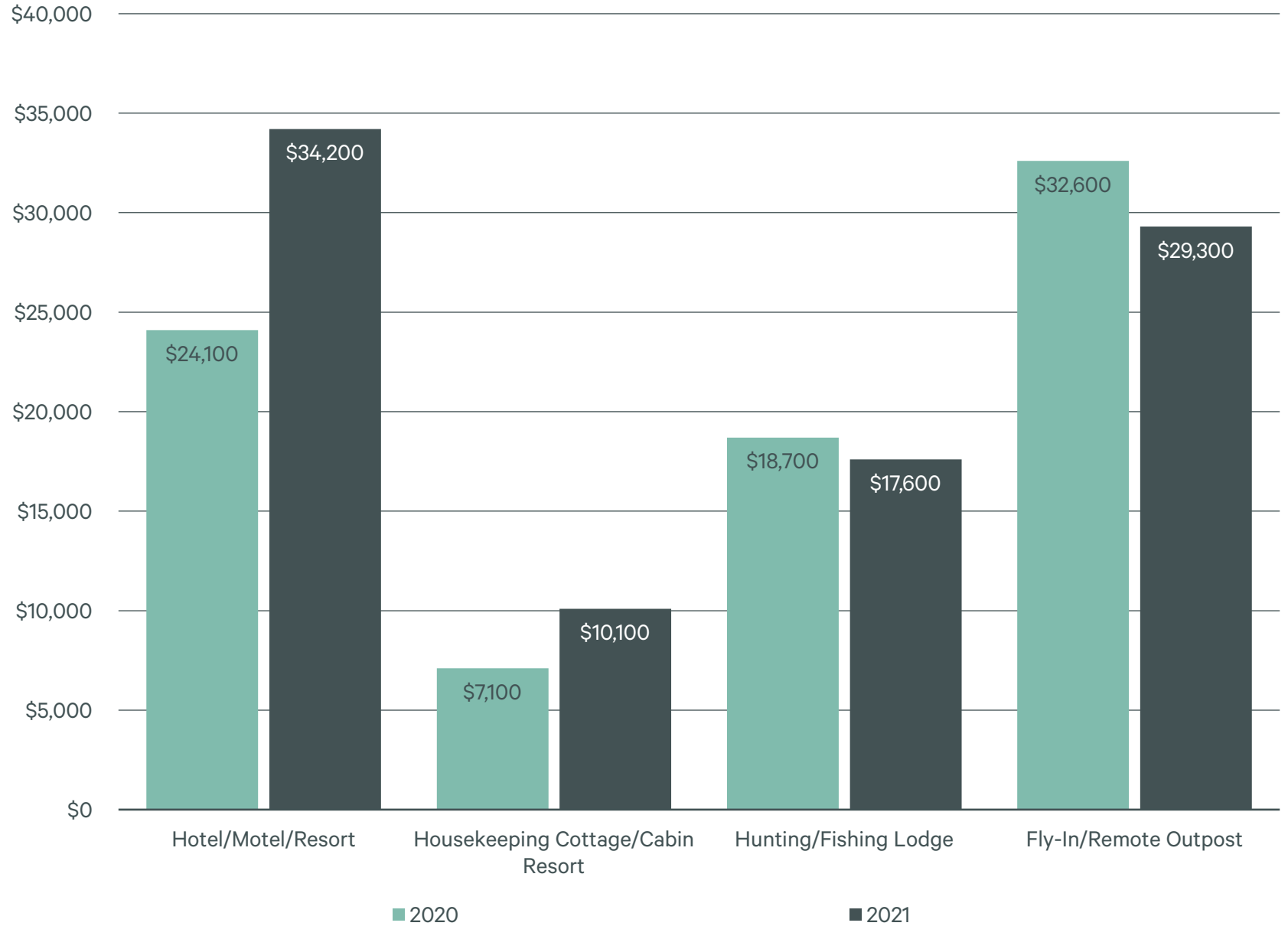
***Only includes properties that opened (55 in 2020, 81 in 2021)**



Operating Expenses per Available Unit

(Excludes any COVID-19 operating relief funding)

*Only includes properties that opened (55 in 2020, 81 in 2021)

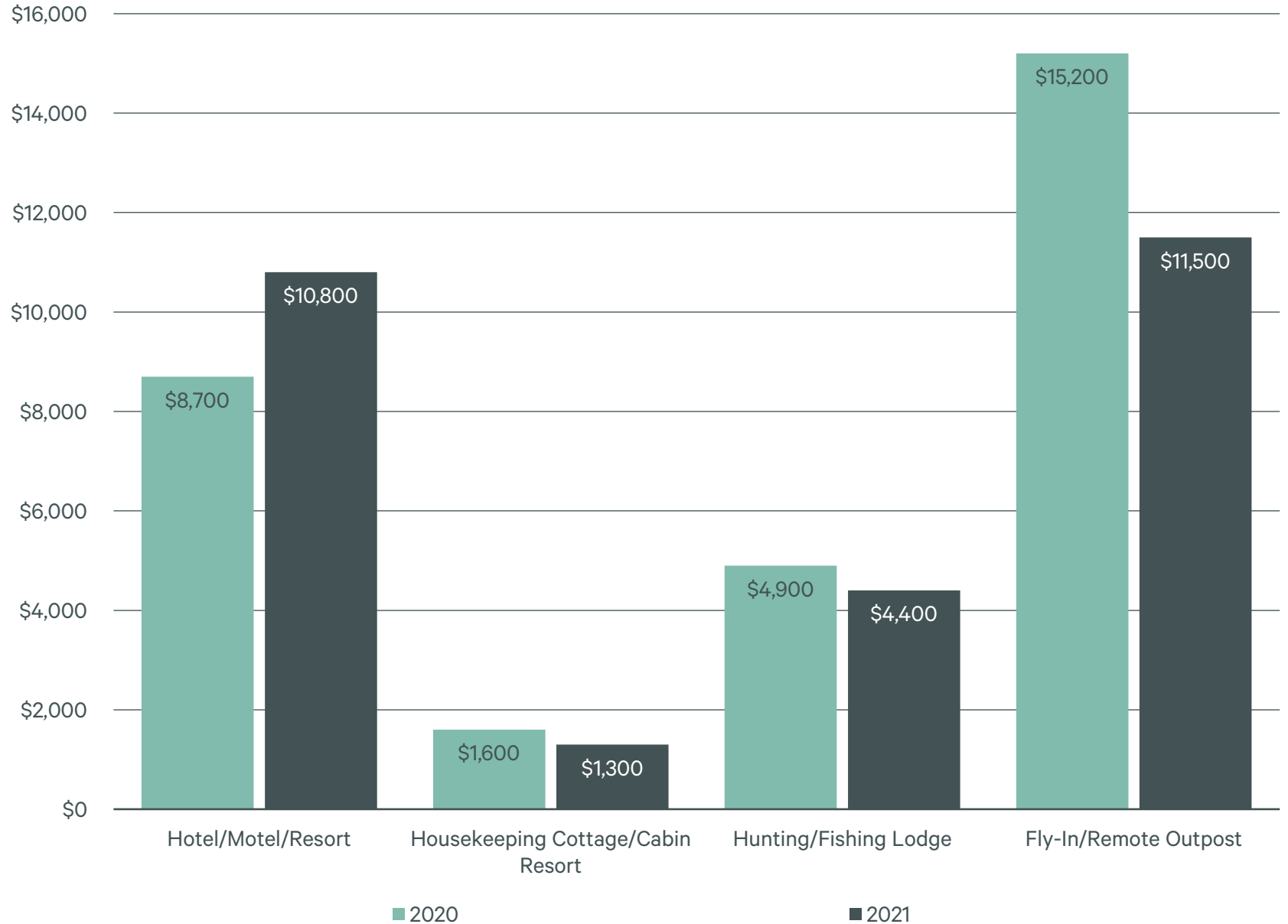


Salaries & Wages per Available Unit

(Excludes any COVID-19 operating relief funding)

With the exception of hotel/motel/resort properties, all other accommodation types continued to reduce salaries and wages per available unit in 2021.

***Only includes properties that opened (55 in 2020, 81 in 2021)**



OPERATING RESULTS

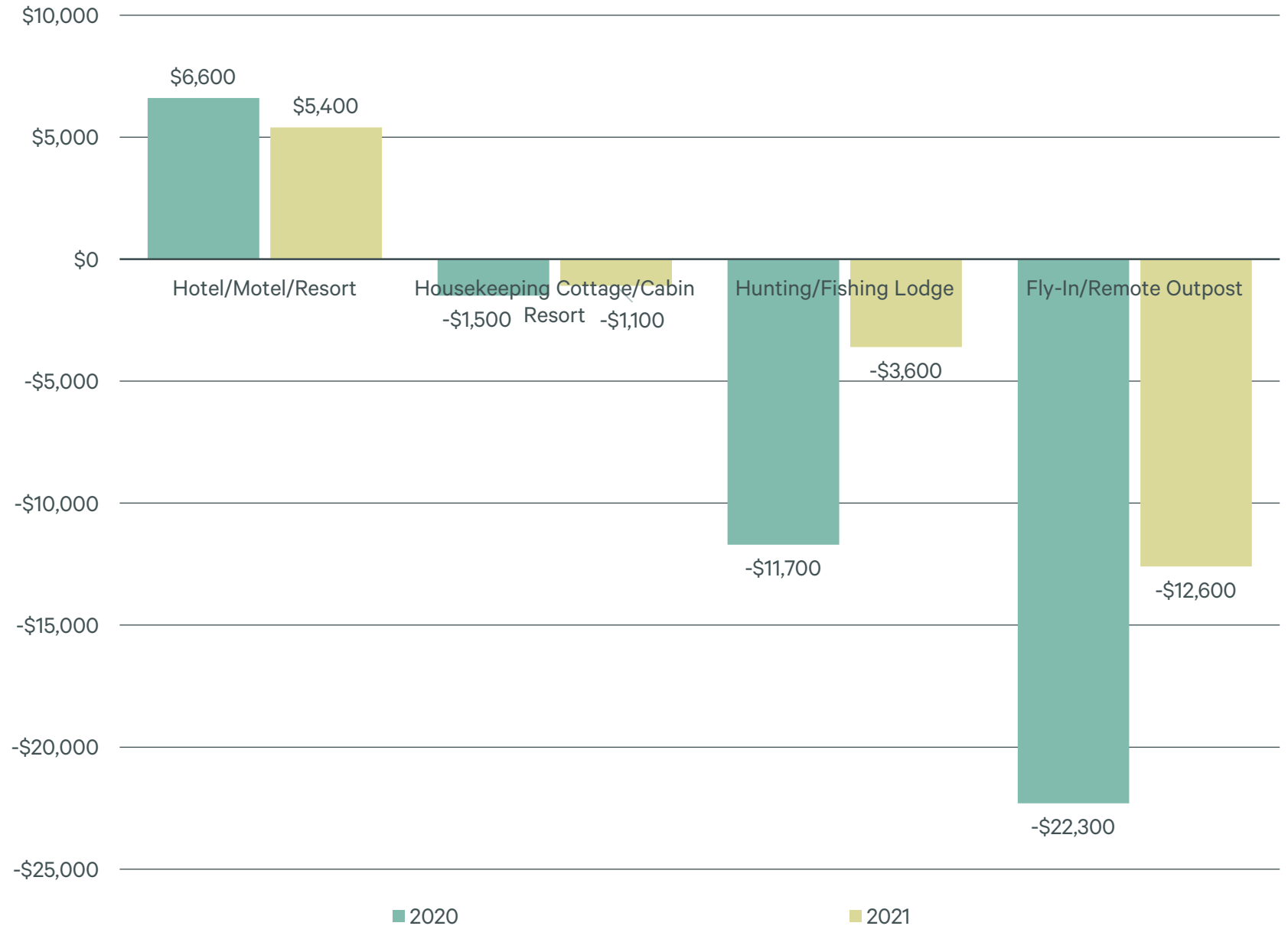
Net Operating Profit/(Loss) per Unit

(Before any COVID-19 operating relief funding)

Overall, housekeeping cottages, hunting/ fishing lodges, and fly-in/remote outposts continued to experience operating losses in 2021 (prior to any COVID-19 relief).

Calculated by subtracting total expenses/unit from revenues/unit.

*Only includes properties that opened (55 in 2020, 81 in 2021)



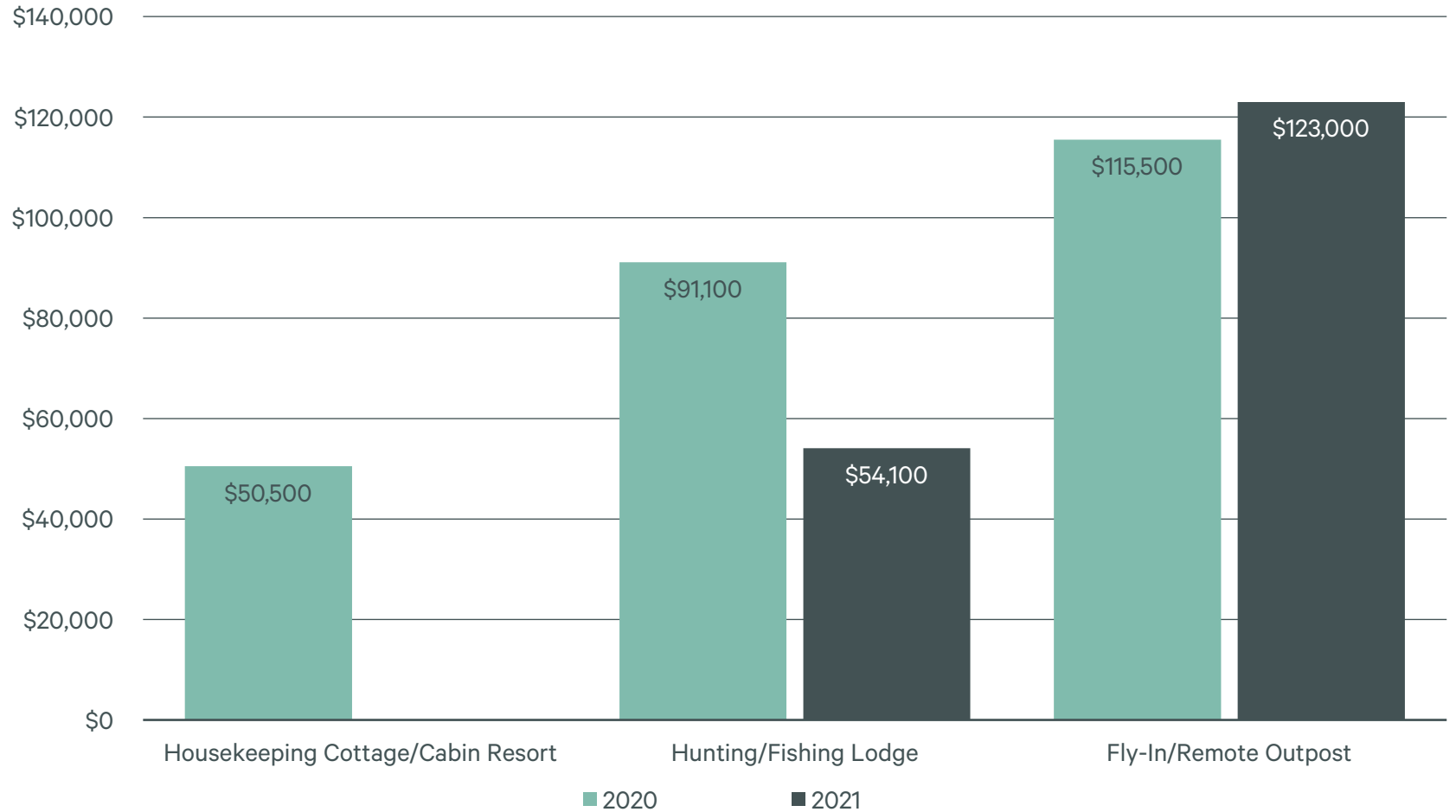
Closed Properties Still Incurred Operating Expenses

*Only includes properties that closed (35 in 2020, 9 in 2021)

Total operating expenses includes salaries & wages

Excludes any COVID-19 wage subsidies

Average operating expenses per property at properties that did not open in 2020 or 2021



Capital Improvements in 2020/2021

\$110,200

Average Spend, n=29

\$36,000

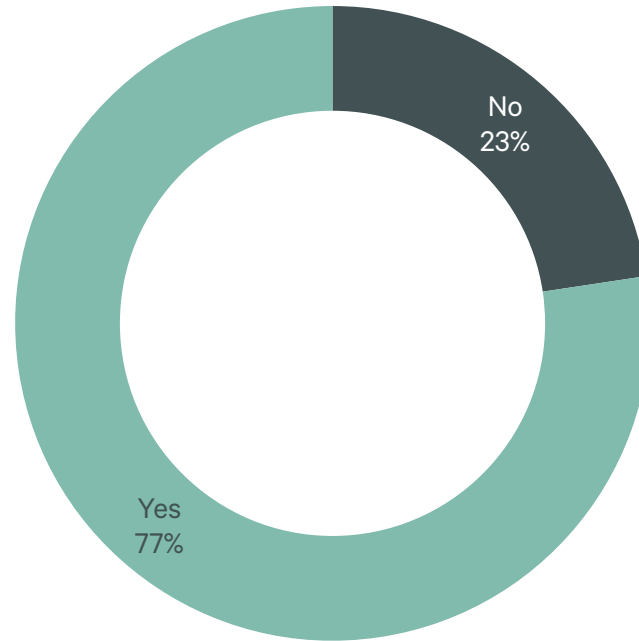
Median Spend, n=29

Includes both open and closed properties, n=88

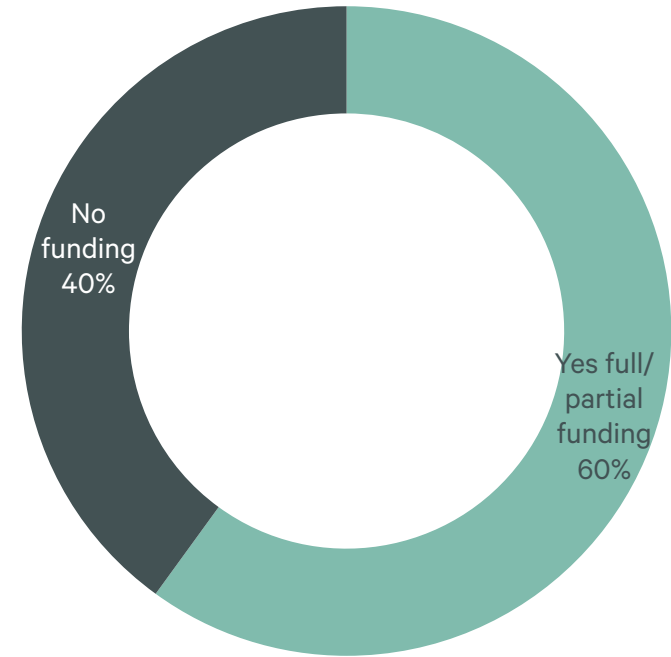
Respondents who stated dollar amounts for improvements n=29

Median = the middle number in a range

Did you make any capital improvements/changes? n=88



If yes, did you access government funding for the projects? n=88



Common improvements:

- PPE & COVID-related
- Decks, doors, window, roof
- Built new cabins, shed, building
- Upgrades, renovations
- New septic
- Structural repair (foundation)
- Utility & power upgrades
- Expansions
- Resort amenities
- Electrical & appliances
- New power (generator)
- Purchased outpost/property

Marketing & Segmentation

3



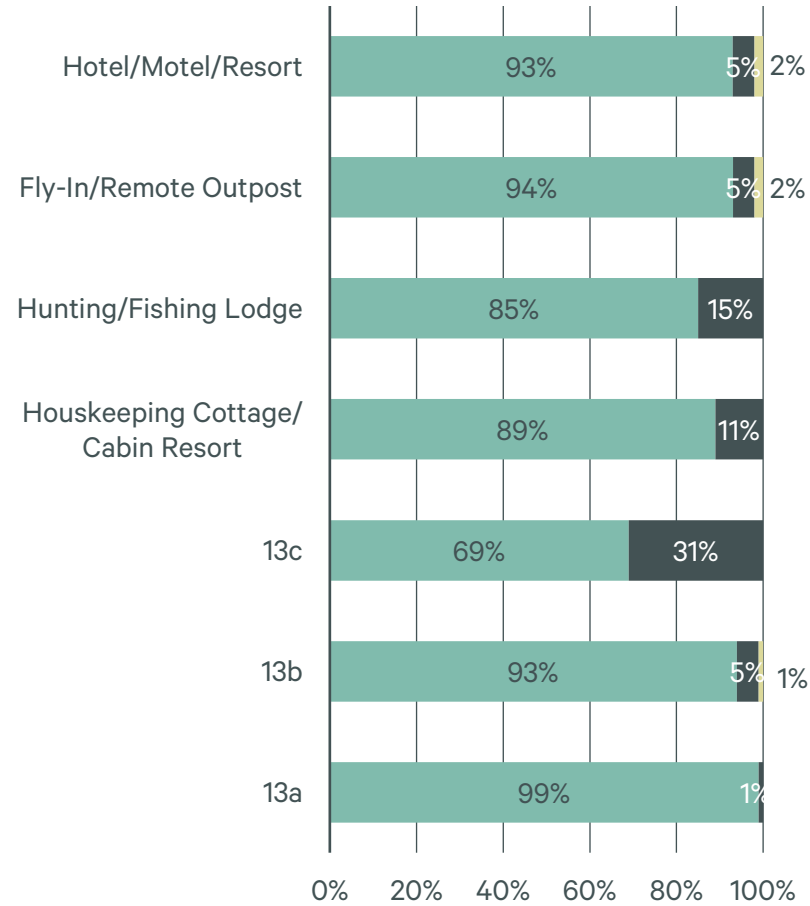
Where did your guests come from?

In 2020, due to border closures, all guests were domestic.

In August 2021, US demand started to return, most notably in Northwestern Ontario.

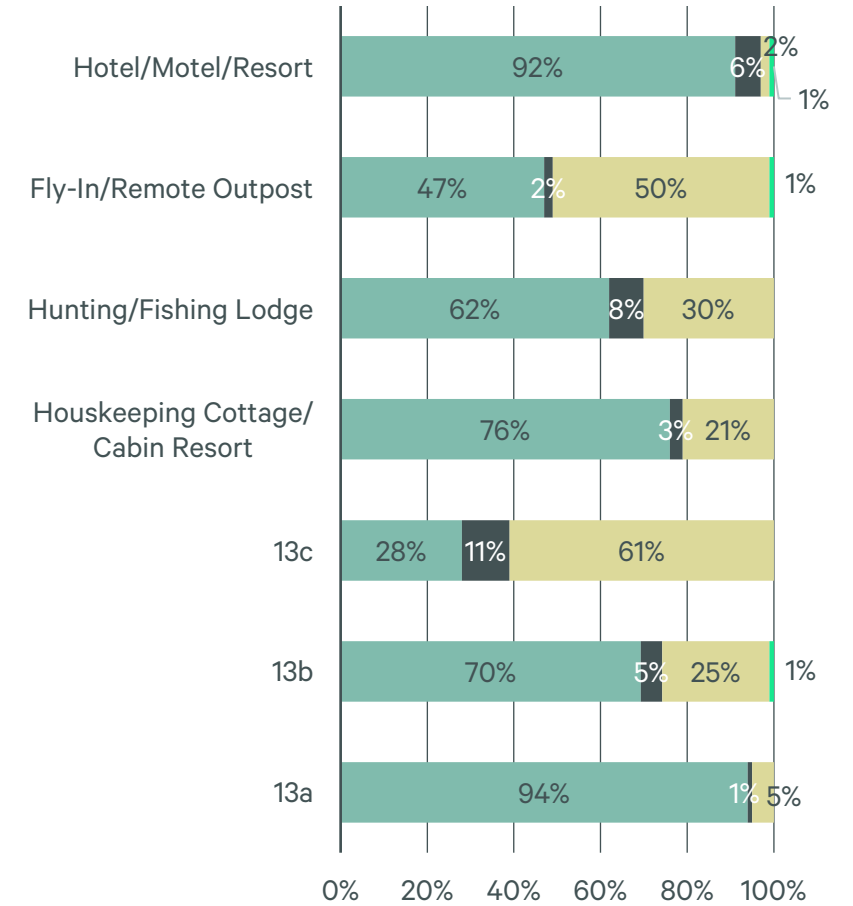
***Only includes properties that opened (55 in 2020, 81 in 2021)**

Guest Origin, 2020



■ Ontario ■ Other Canada ■ US ■ International

Guest Origin, 2021



■ Ontario ■ Other Canada ■ US ■ International

Guest Segmentation

What was the main purpose of travel?

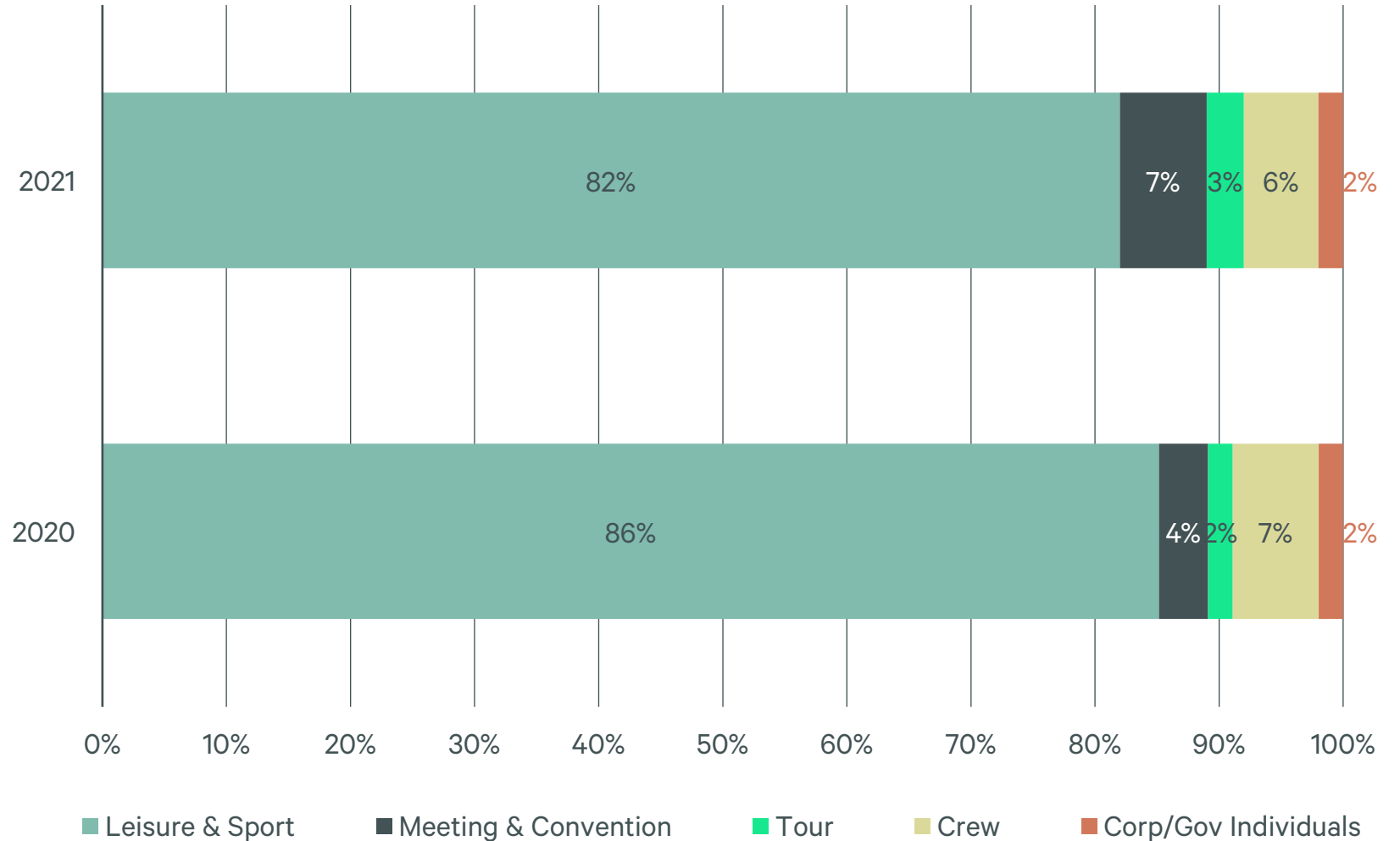
In excess of 80% of demand is leisure & angling-related.

***Only includes properties that opened (55 in 2020, 81 in 2021)**

Leisure & Sport: Family, group of friends, couples, sporting groups

Crew business: construction/air/ other

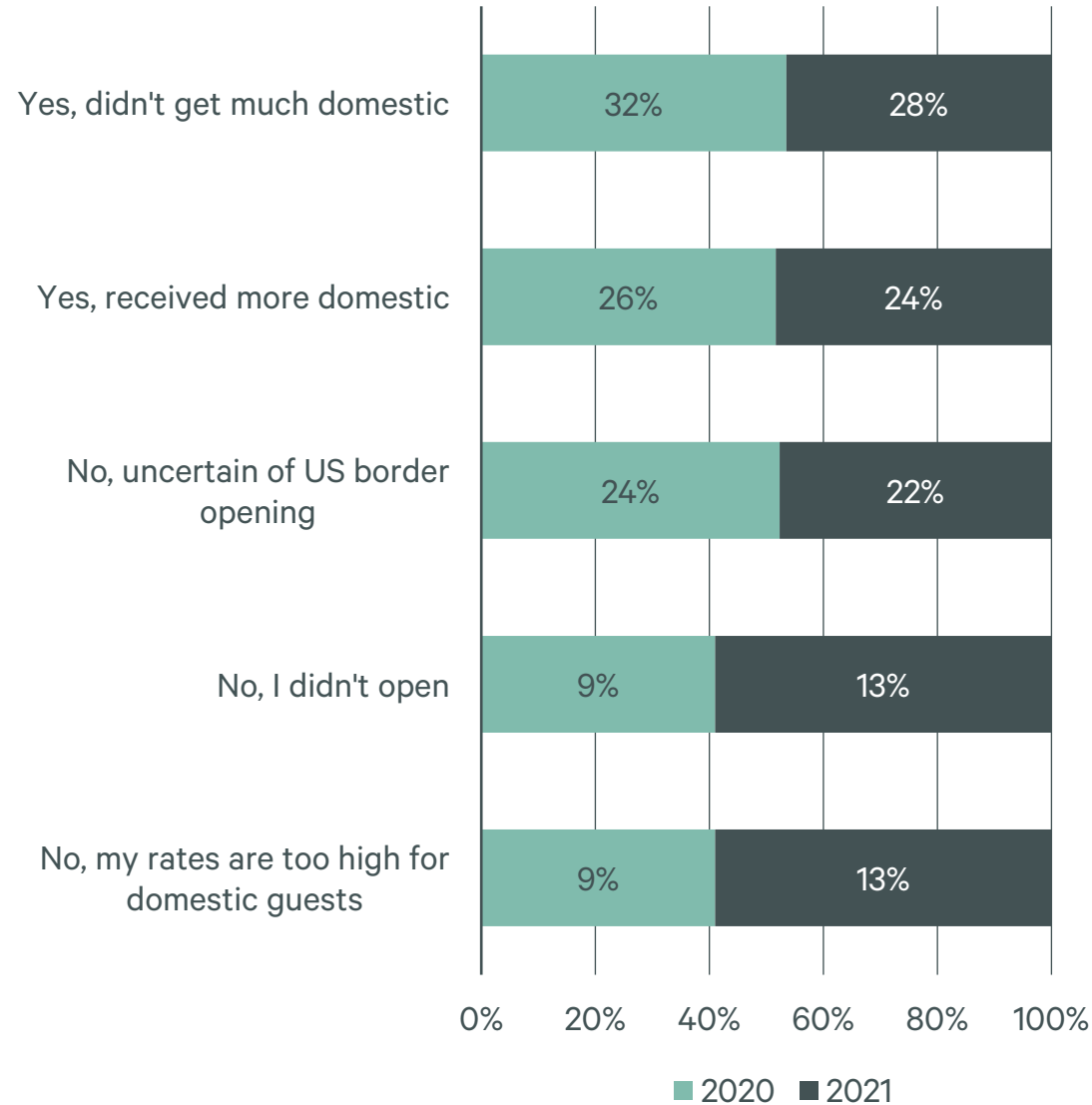
Corp/Gov Individuals: Individual (non-group) travellers for government or corporate business



Did you try to capture more Ontario and/or Canadian guests in 2020/2021?

Between 50-60% of operators tried to capture more domestic business, and of those, close to half were successful.

Includes both open and closed properties, n=88

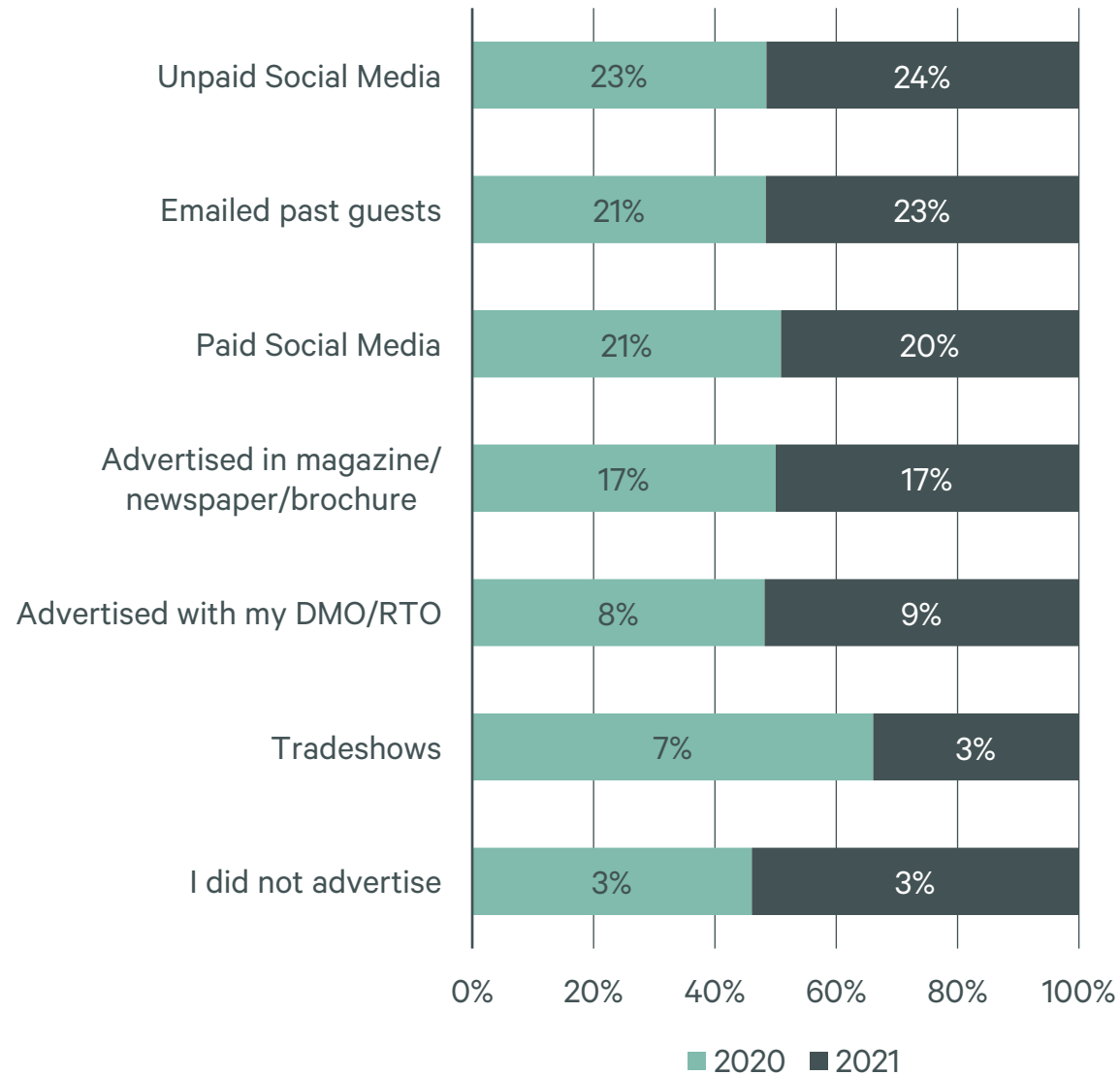


Common themes from “Other” option (not included in graphic results)

- Only to fill holes in season, but very limited success
- Lockdowns and restrictions only left a very small region to reach out to for 2020
- In 2021, many folks were not vaccinated to allow for travel
- Took on local contractors/crews
- We could only market for the short-term stays because the border closure was extended 30 days at a time

How did you market to your guests in the last 2 years?

Includes both open and closed properties, n=88



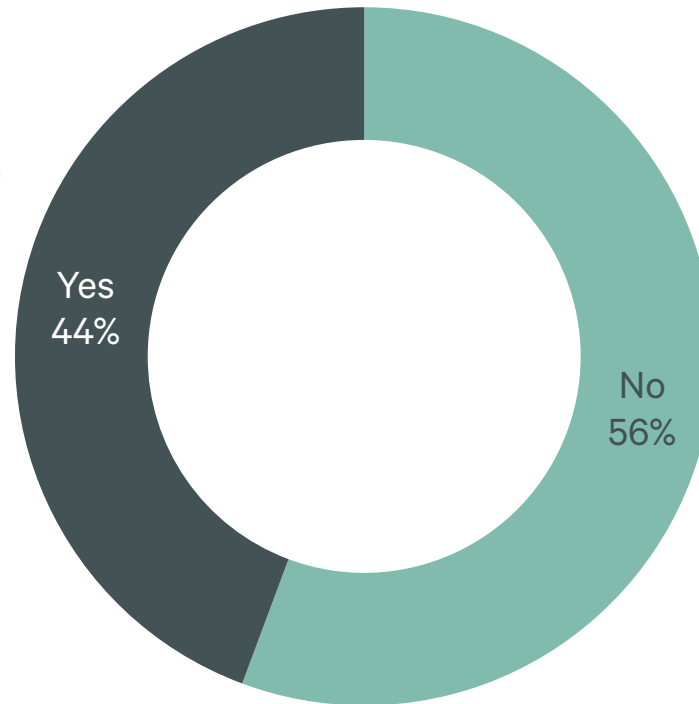
Common themes from “Other” option & comments (not included in graphic results)

- Several operators said they created a new website
- SEO (Search engine optimization) to website
- Participated in Great Ontario Getaway
- Through existing memberships
- Small outdoor newsletters
- Word of mouth
- Direct contact with crew/contractors from out of the area looking for accommodations in our area

Did you make any changes to how you marketed your business in 2020/21?

Close to 45% of operators made changes to how they marketed their property, many choosing online and low-cost options.

Includes both open and closed properties, n=88

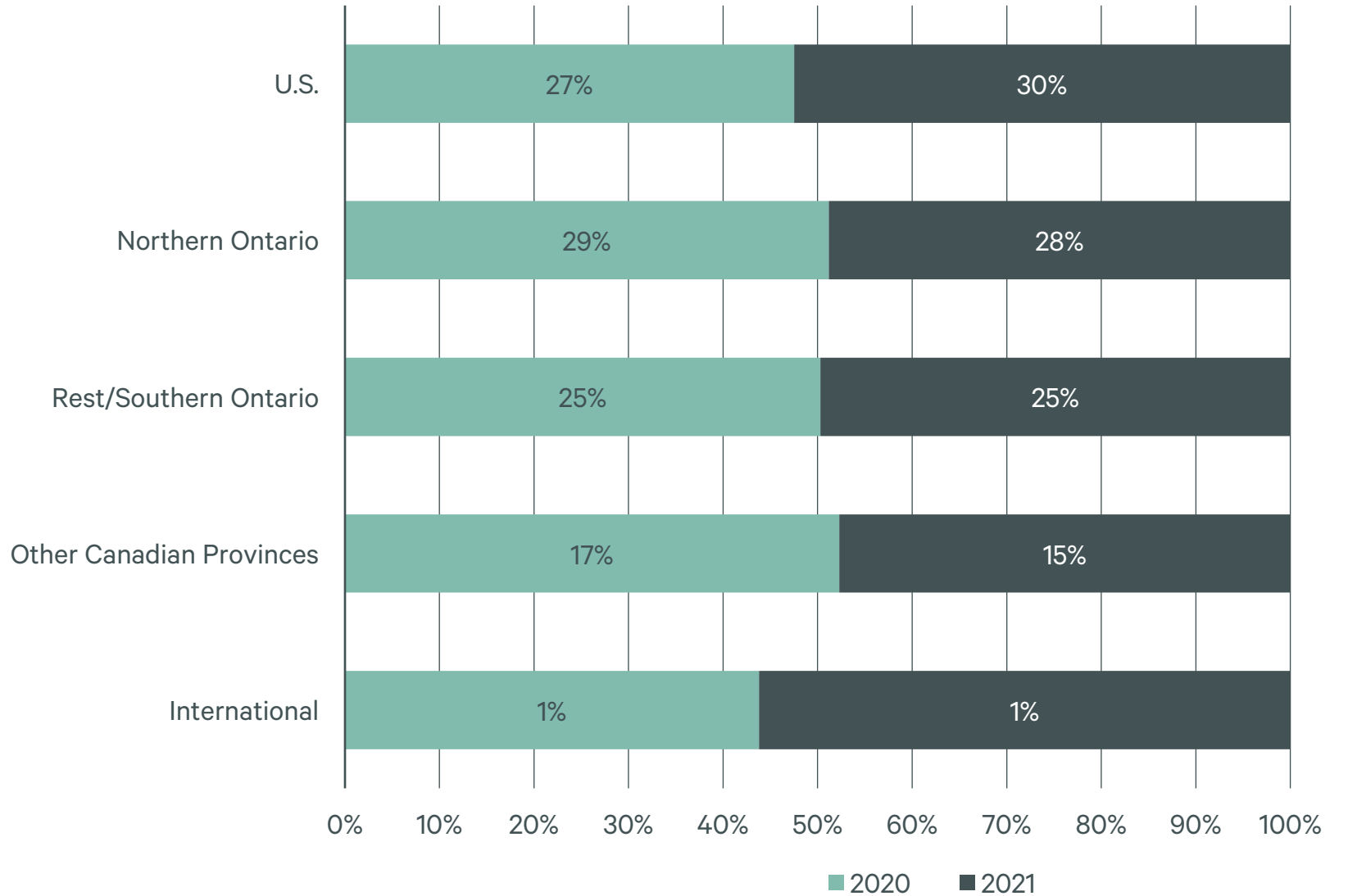


Common themes from comments

- Built a new website with better SEO
- Expanded the types of social media and the frequency
- Focused more on local/Ontario guests
- Attempted to clarify border crossing requirements for our US guests
- Packaged deals for groups and families
- We did not attend tradeshow
- Cut back on advertising
- Google & Facebook ads
- Lots of phone calls with friends
- Put out posters in Manitoba
- Reduced marketing because of uncertainty and could not afford to spend the money
- Listed on Airbnb
- Hosted TV film crews for fishing shows
- Taught myself how to do low-cost options (SEO, advertising)

What geographic markets did you market to in the past 2 years?

Includes both open and closed properties, n=88



COVID-19 Relief & Funding

4



Federal Grant Funding Received

Includes both open and closed properties, n=84

CEWS Canada Emergency Wage Subsidy - covers up to 75% of employees' wages for qualifying employers

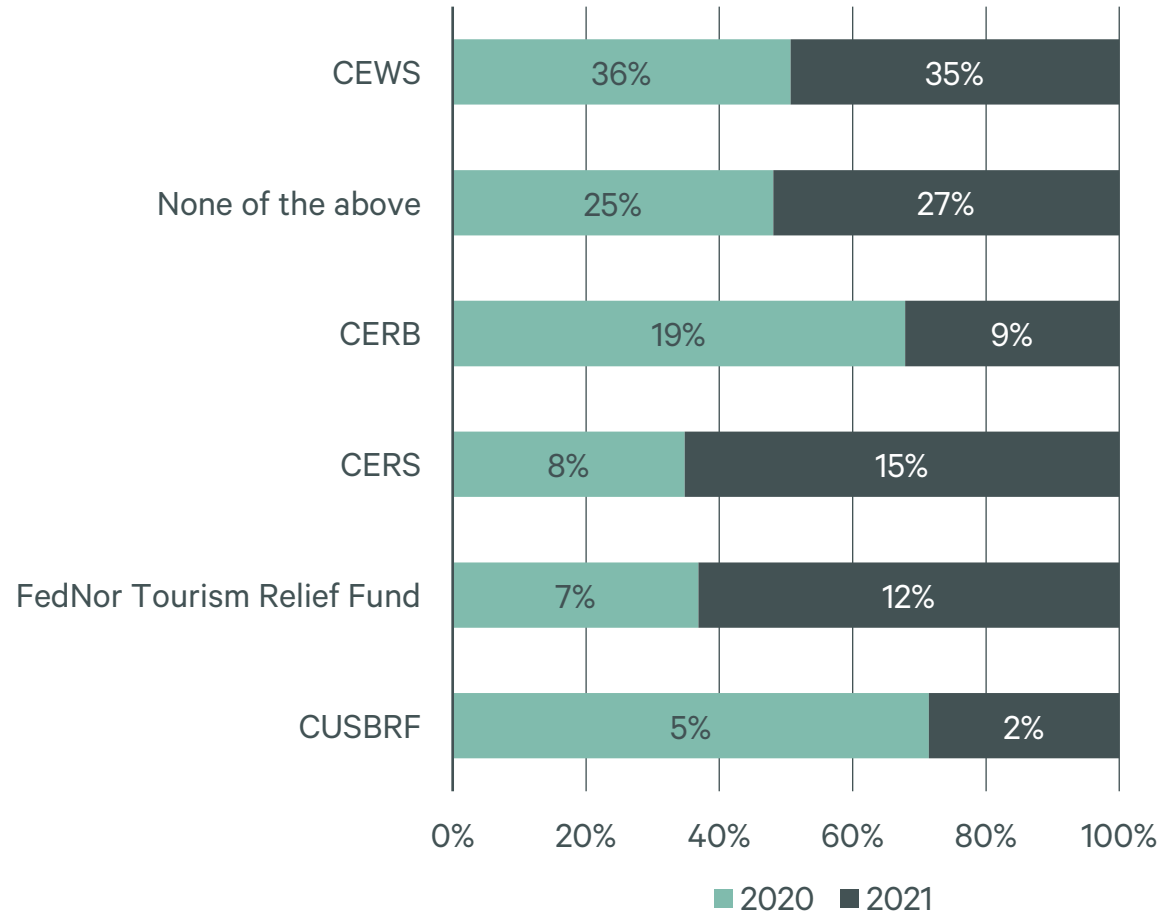
CERS Canada Emergency Rent Subsidy – subsidy to cover part of operation's commercial rent or property expenses

CERB Canada Emergency Response Benefit – financial support to individual employed/self-employed Canadians, \$2,000 for a 4-week period (\$500 a week)

CUSBRF Canadian United Small Business Relief Fund (OCC) – help small businesses offset the cost of expenses to open safely (cover PPE costs) or adopt digital technologies to move more of their business online, up to \$5,000

FedNor Tourism Relief Fund – (non-repayable grant portion) Project-based fund, non-repayable contributions up to \$100,000 for up to 50 percent of eligible costs

% of properties which received Federal grants, n=84



Provincial Grant Funding Received

Includes both open and closed properties, n=84

NORP NOHFC Northern Ontario Recovery Program - Project-based, grants to cover projects that would support the adaptation of business operations and practices to meet public health guidelines for operations under re-opening stages, and to support employee and consumer safety.

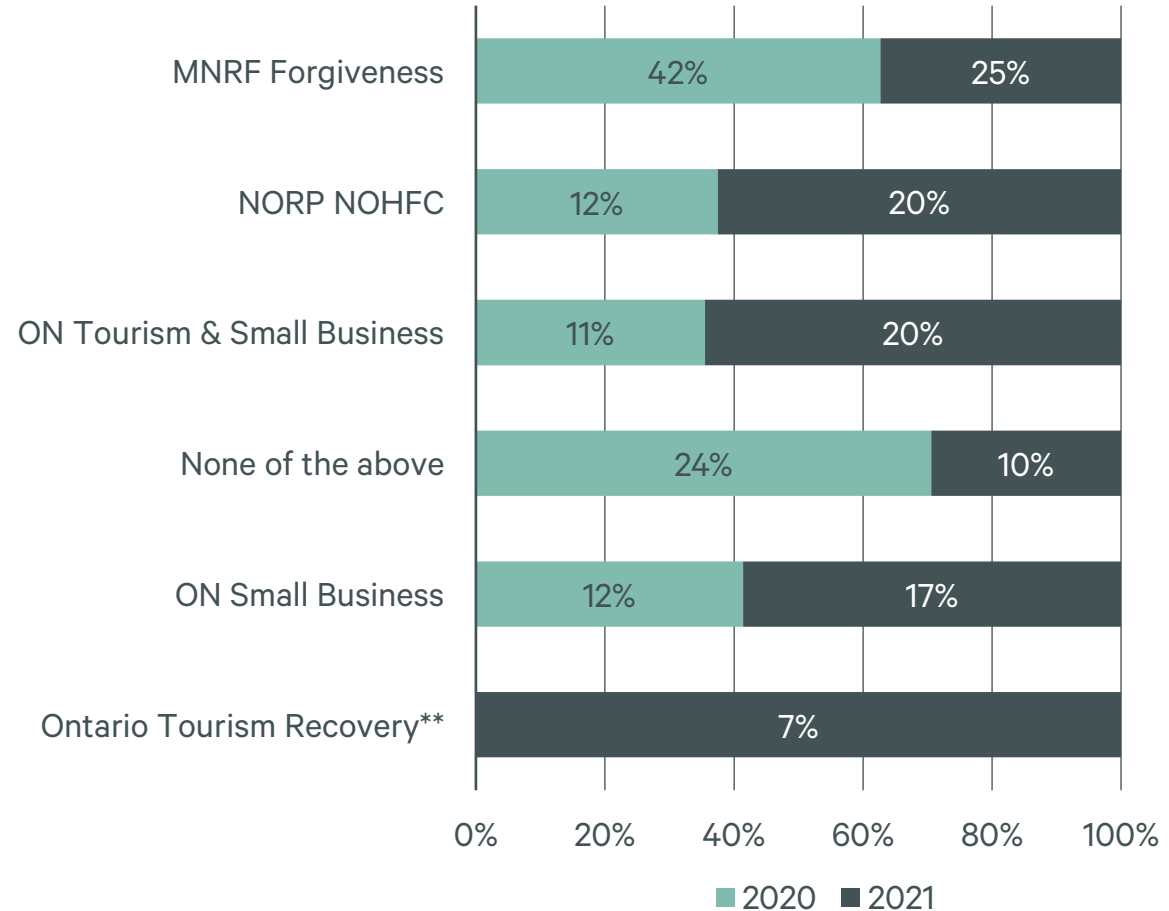
Ontario Tourism and Travel Small Business Support Grant - minimum \$10,000 grant for all eligible businesses, provide businesses with dollar-for-dollar funding to a maximum of \$20,000 to help cover decreased revenue as a result of the December/January Lockdown

Ontario Small Business Support Grant - up to \$20,000 provided help to small businesses that were required to close or significantly restrict services under the Provincewide Shutdown effective December 26, 2020, with second round announced in March 2021. Eligible businesses had to show revenue decline of at least 20% when comparing monthly revenue in April 2019 and April 2020.

Forgiveness of MNRF Land Use / Permit / Fees - waived during COVID-19 period (2020 - 2021)

****Ontario Tourism Recovery Program** (Nov 2021 Application) - competitive, application-based grant program supporting private sector incorporated tourism businesses that experienced a decline of at least 50% of qualifying revenue in the reported 2020-2021 year

% of properties which received Provincial grants, n=84



Loan Funding Received

Includes both open and closed properties, n=84

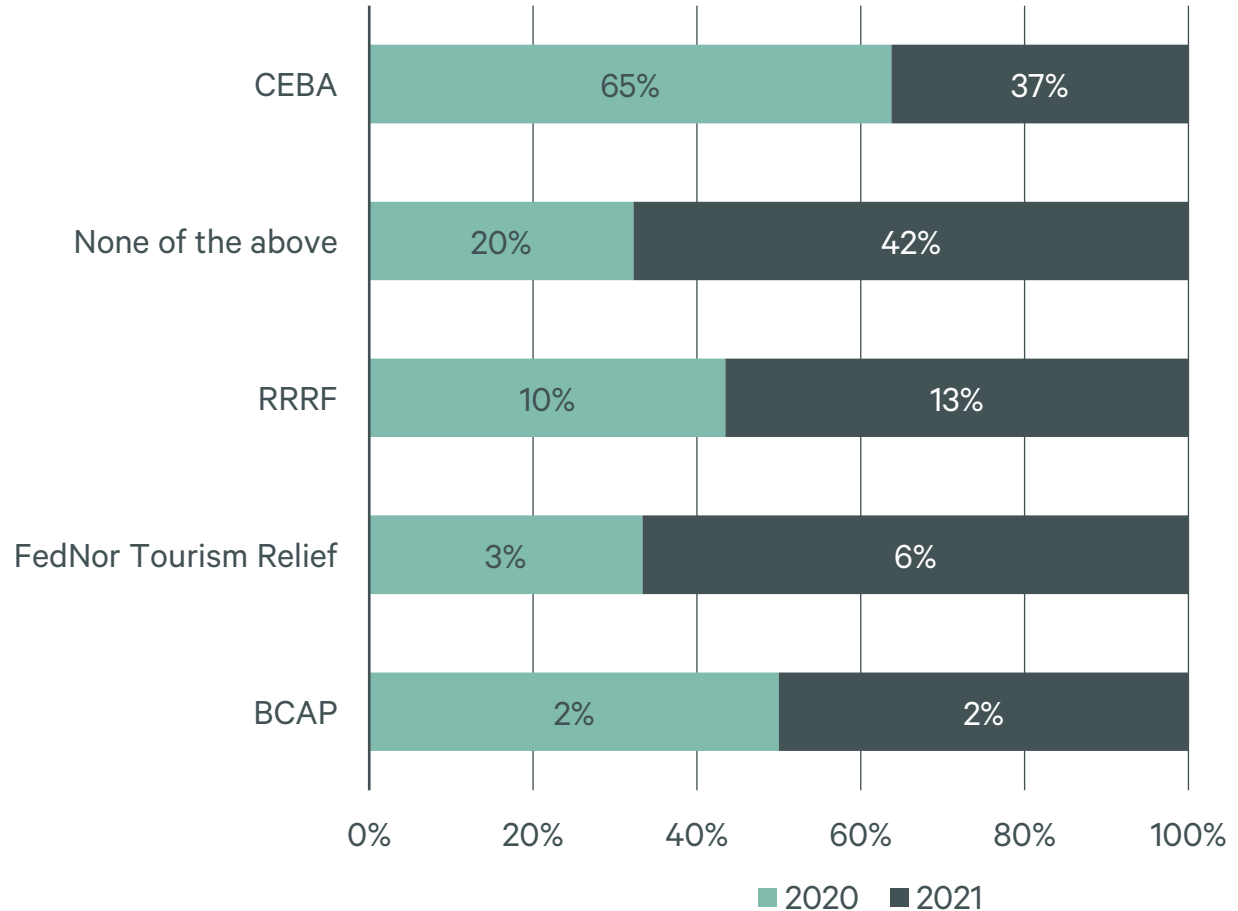
CEBA Canada Emergency Business Account - interest-free loans for small businesses and not-for-profits that have experienced diminished revenues due to COVID-19, up to \$60,000 loans (up to \$20,000 forgivable if paid by December 2022).

BCAP Business Credit Availability Program (EDC) - loans for small/medium-sized enterprises to be used for operational expenses, available at various banks and credit unions.

RRRF Regional Relief and Recovery Fund (CFDC and/or FedNor) - unconditionally repayable and conditionally repayable contributions to eligible small/medium-sized enterprises, of up to a maximum of \$500,000. This program provides rural businesses with access to capital through the Community Futures Network and FedNor.

FedNor Tourism Relief Fund – (repayable loan portion) Project-based fund, fully repayable contributions up to \$500,000 for up to 75 percent of eligible costs.

% of properties which received loans, n=84



73

2020 Loans Given

\$11,000

2020 Average Loan

30

2021 Loans Given

\$51,000

2021 Average Loan

Challenges to Accessing Funding

Includes both open and closed properties, n=43

Survey Question: Looking at the above programs, did you apply to any of these recovery program(s) but NOT receive funding (rejected/denied/did not qualify)? Please explain 1) which program(s) and 2) why the application(s) was denied/not qualified.

Several operators did not qualify for funding due to...

- Do not have employees
- Business not incorporated
- Not currently operating
- Seasonal business
- Only purchased the property in 2019
- Owners are U.S. citizens
- Inadequate zoning

Additional Comments

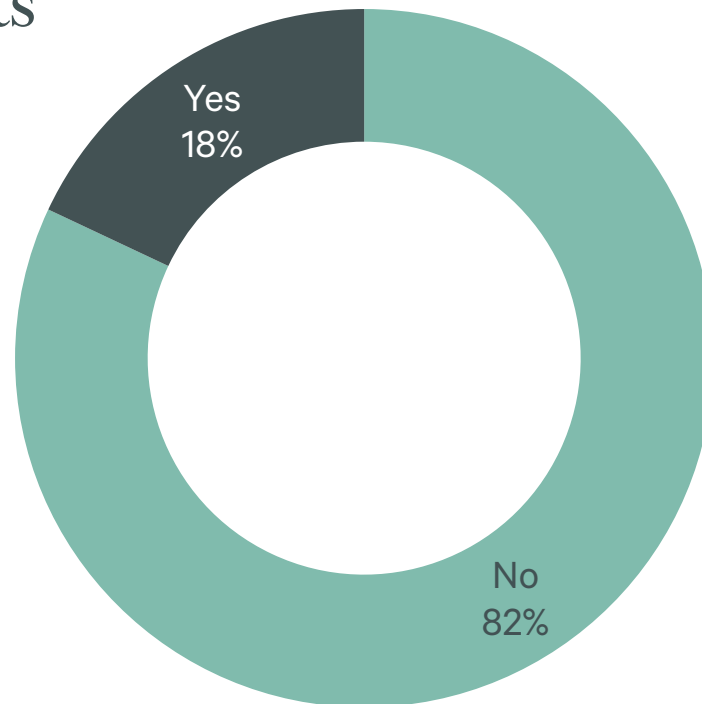
“The FedNor \$100,000 we just got it! Thank God, but have not received anything yet! ... We were lucky to be able to apply for these because we are incorporated!”

“I didn’t want to take on more debt”

“Still waiting...zero updates on status”

Were you able to reduce debt payments through forbearance options offered by your lender?

Includes both open and closed properties, n=72



Common themes from comments

- Only paid interest on loans
- Deferred mortgage and loan payments
- Purchased property with owner financing and halted payments between August 2020 and August 2021
- Bank cut loan payment for 24 months by 45%
- Added additional 5 years onto our loan in order to pause payments for 2021

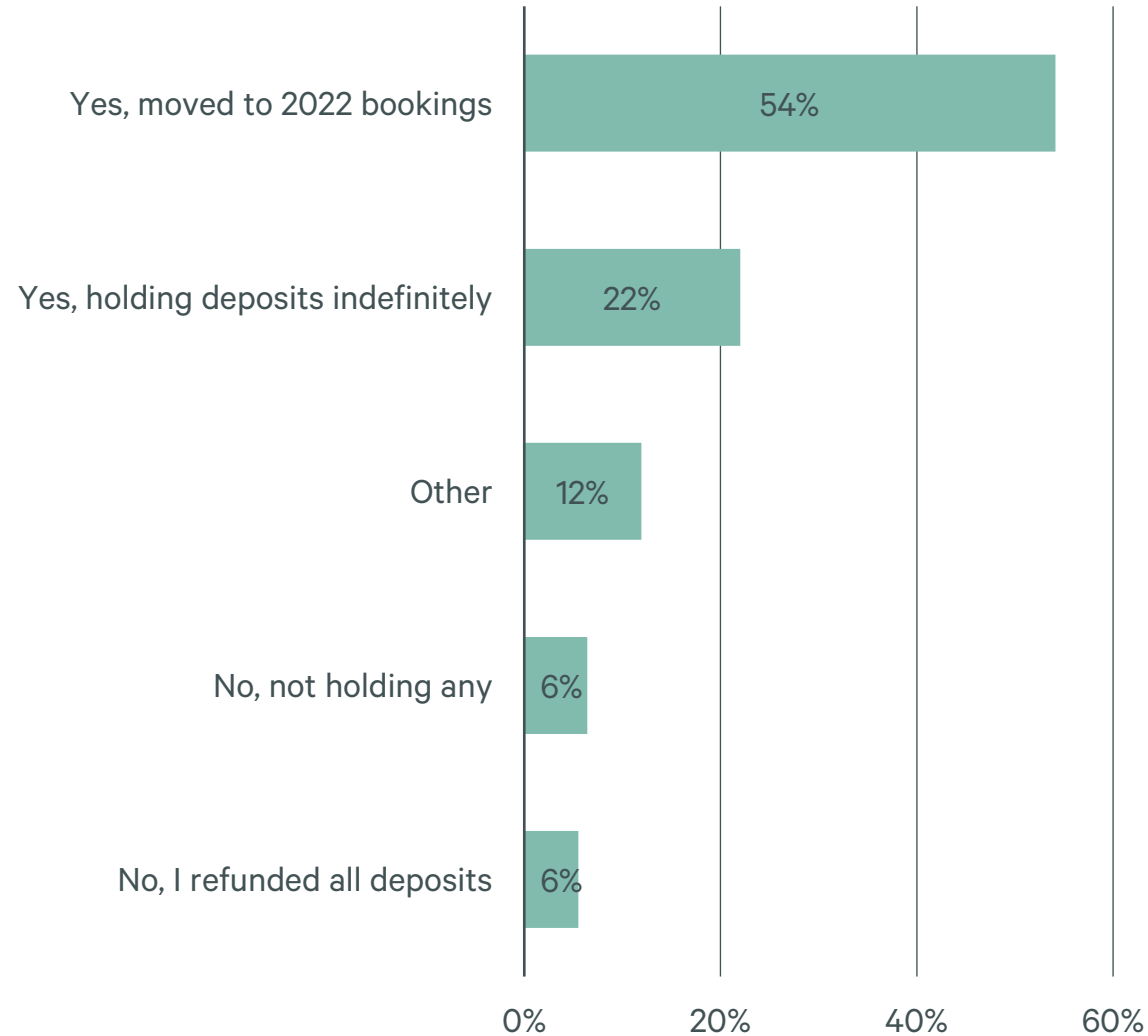
Looking Forward: 2022

5



Are you holding any guest deposits for rebooked/postponed accommodation bookings?

Includes both open and closed properties, n=84



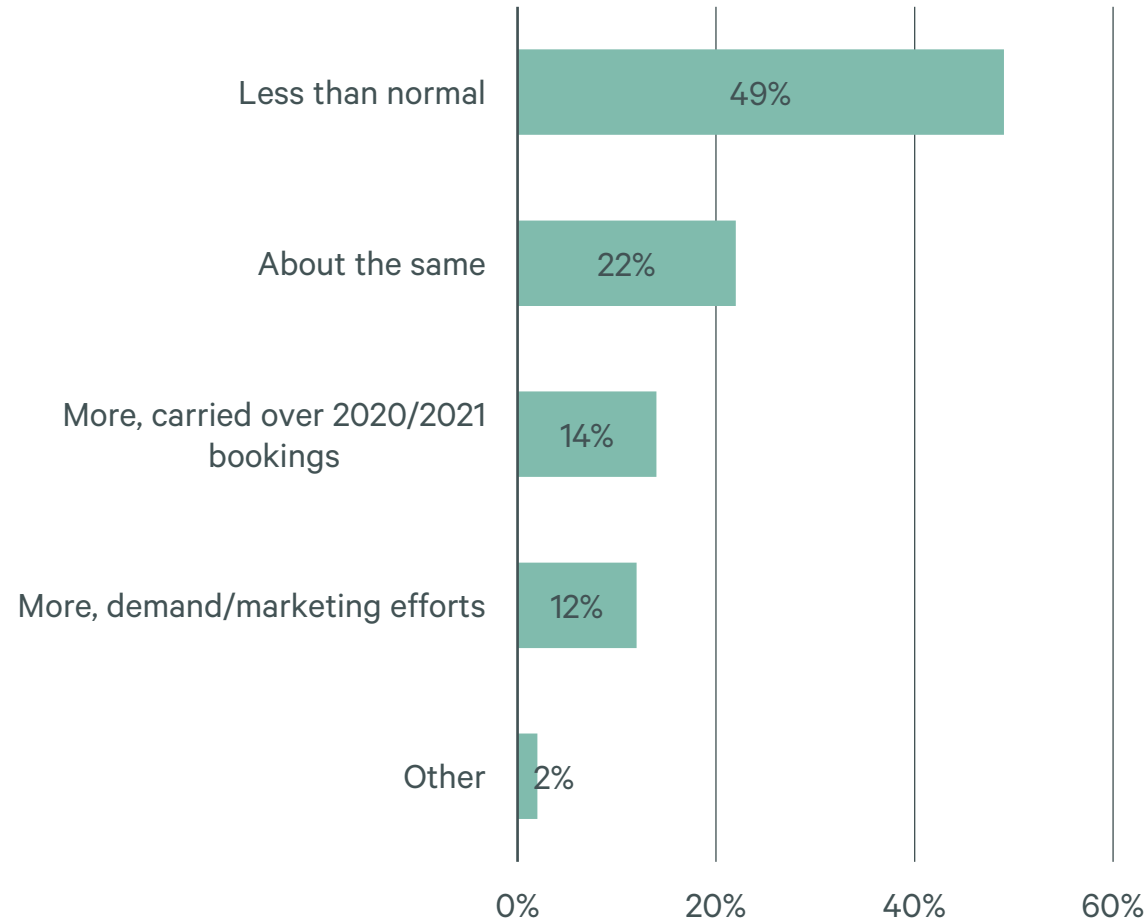
Common themes from “Other” option

- Refunded some deposits, not all
- Told guests we will no longer be crediting deposits beyond 2022
- Reached out to all guests in December 2021 to either move deposit to 2022 or offer full credit
- Refunded those who couldn't cross the border from the US because of COVID or said they'd never get vaccinated
- “The deposit money is gone. Our check book is empty.”

How do your current 2022 bookings compare to a typical year (pre-COVID)?

Close to half of respondents reported less than normal bookings for the upcoming 2022 season.

Includes both open and closed properties, n=84



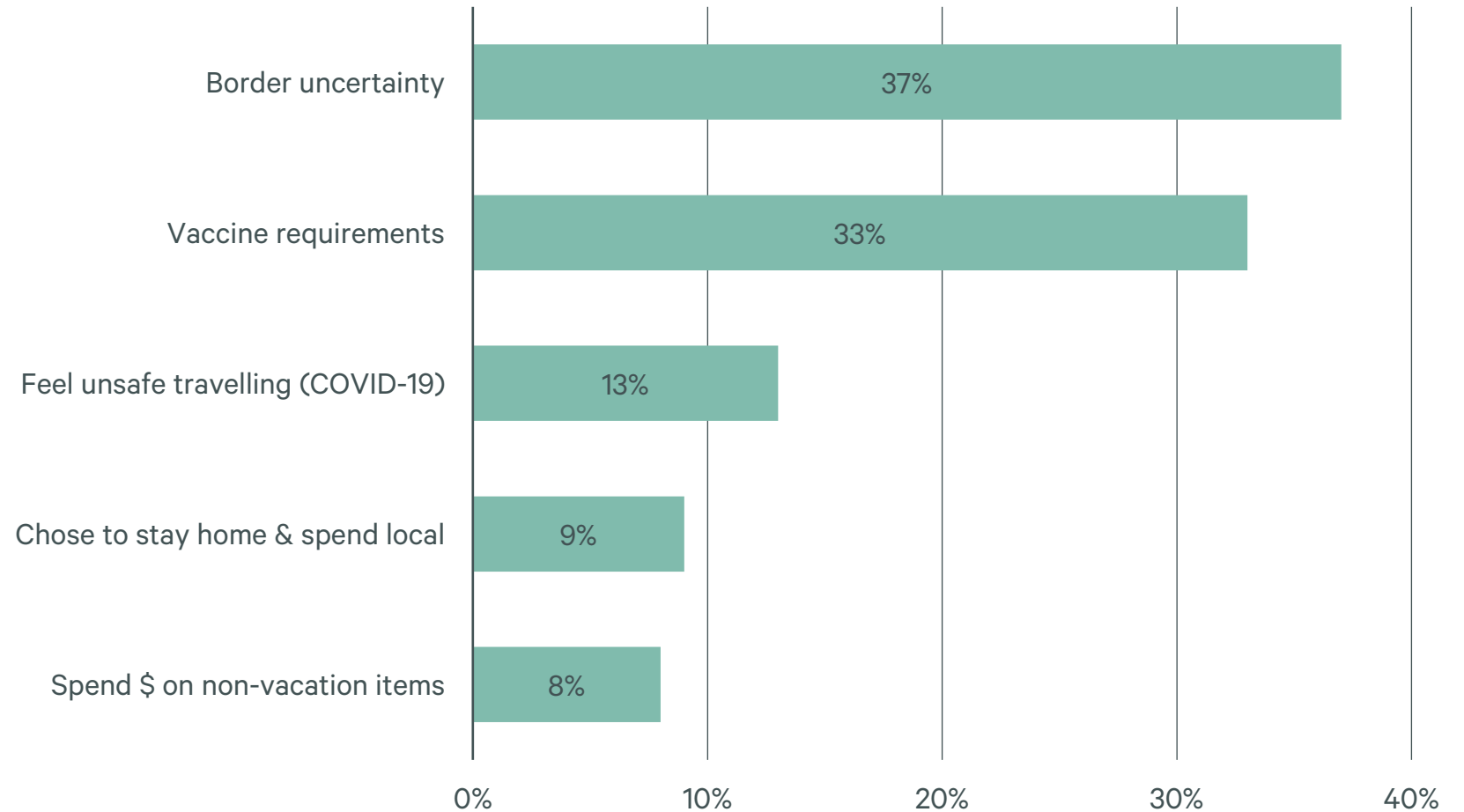
Common themes from “Other” option & comments

- Loss due to unvaccinated travellers and restrictions
- Many guests are waiting to see what happens in May before booking
- Operators feel false sense of security, as they anticipate many cancellations closer to summer 2022
- Same number of units as normal, but with less people per unit

What are the factors affecting your 2022 bookings?

At the time of survey, majority of operators were still concerned over border crossing and vaccine requirements.

Includes both open and closed properties, n=84



Best Practice Advice for Fellow Operators

n=38

Guest Relations

- Be prepared: pent up demand from US will be greater than anyone is expecting
- Ensure you have adequate staffing to handle the business
- Confirm bookings for 2022, through proof of vaccination, ability to cross border, etc.
- Cancel bookings for guests not coming, open space for other guests
- Indefinitely hold deposits, our guests will be able to use them for their next trips whenever that may be!
- Be proactive with relaying border crossing requirements and additional testing opportunities
- Maintaining a good reputation in these hard times is so important and saves money by keeping return guests
- Be patient with guests

Operations

- Take credit card numbers instead of deposits
- Upgrade to online booking to streamline confirmations and see online booking availability
- Add duvet covers to all comforters that can be washed with every check-out
- Get incorporated
- Track and maintain accurate financial records to qualify for many government programs
- Use the down time to refresh/invest in your property, business, website
- When we finally open, let's give our guests a great time and not disappoint!

Marketing

- Facebook does wonders for reaching out to new guests!
- Switching to less sport shows and more social media—especially YouTube videos
- Diversify customer base (i.e., advertising locally or to crew/contractor businesses) to fill units in less busy times

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