

July 27, 2015

Carol Caputo
Executive Director
Ontario's Algoma Country
334 Bay Street
Sault Ste. Marie, ON
P6A 1X1

Via e-mail: carol@algomacountry.com

**RE: ALGOMA COUNTRY ACCOMMODATION OPERATOR PERFORMANCE SURVEY DATA ANALYSIS –
2013/2014 – Final Report**

Dear Carol:

In accordance with the terms of our agreement, PKF Consulting is pleased to provide you with the attached Final Report in conjunction with our **Analysis of Accommodation Operator Performance Survey Data for Algoma Country for the 2013 and 2014 calendar years.**

With input from PKF Consulting, Algoma Country in partnership with Tourism Northern Ontario (TNO) prepared an online survey in SurveyMonkey for distribution to accommodation operators across the region. The purpose of this exercise was to allow the organization to more accurately track changes in overnight guest volumes and tourism accommodation receipts as a whole, and thereby allow Algoma Country to plan for the growth and sustainability of Algoma's tourism sector.

The data were collected by Algoma Country staff members and an intern sponsored through NOHFC, in partnership with TNO, as part of an online survey process, which was conducted over the period of February to May, 2015. A total of 56 survey responses were received and the results were compiled under the following six categories:

- Bed & Breakfast
- Hotel / Motel / Motor Hotel
- Fishing & Hunting Lodges
- Remote Outposts
- Housekeeping Cottage Resort
- RV Park or Campground

Tel 416 360 5000 • Fax 416 777 1567 • Email pkftoronto@pkfcanada.com • www.pkfcanada.com
PKF Consulting Inc. • 8th floor • 30 St. Patrick Street • Toronto • Ontario • M5T 3A3

Tel 604 689 3833 • Fax 604 689 2568 • Email pkfvancouver@pkfcanada.com • www.pkfcanada.com
PKF Consulting Inc. • Suite 1120 • 800 West Pender Street • Vancouver • British Columbia • V6C 2V6



Hospitality & Tourism
Business Advisors

Based on PKF's analysis, it was determined that insufficient data was available to report on the RV Park / Campground segment. Also, the sample of Remote Outposts was incorporated with Fishing & Hunting Lodges in order to provide more representative indicators for these similar product types. As such, PKF's report includes a two-year analysis of the operating performance of **Algoma Country's Fixed Roof Accommodation Market** alone.

All data have been reported in an aggregate format, with individual property/business results remaining strictly confidential, and weighted to the total fixed roof accommodation product inventory provided by Algoma Country as part of their member operator database. It should be noted that Algoma Country's operator database represents **all operators**, including several properties located outside the boundaries set by the Ministry of Tourism, Culture and Sport for North Central Ontario – Region 13B.

The attached report provides highlights of key performance indicator data for the 2013 and 2014 fiscal years from Algoma Country's fixed roof accommodation operators as follows:

- Breakdown of Accommodations Available by Type
 - Bed & Breakfast
 - Hotel / Motel
 - Fishing & Hunting Lodge / Outpost
 - Housekeeping Cottage Resort
- Growth in Accommodation Supply (total properties and total units)
- Change in Operating Season
- Growth in Total Revenues
- Breakdown in Revenues by Expenditure Category
- Growth in Total Guest Count
- Breakdown of Guest Origins

We have also included an analysis of the 2013/14 accommodation performance of the Sault Ste Marie market generated through a separate PKF internal analysis. PKF's *Trends in the Hotel Industry* database includes occupancy, average daily rate and revenue per available room from 75% of the hotel base in Sault Ste. Marie.

We look forward to discussing the results of this Final Report upon your review.

Yours truly,

PKF CONSULTING INC.



ALGOMA COUNTRY

Fixed Roof Accommodation

Performance

2013/2014

Prepared by: PKF Consulting Inc.
July 2015



Hospitality & Tourism
Business Advisors

Algoma Country (excluding Sault Ste. Marie) Fixed Roof Accommodation Performance - 2013/14



Hospitality & Tourism
Business Advisors

HIGHLIGHTS

- ❖ 200 fixed roof accommodation properties operated for an average of 232 days in Algoma Country in 2014, of which 58% were seasonal properties
- ❖ The total fixed roof market represented 2,764 total units (average 14 units each), up from 2,735 in 2013 (1%)
- ❖ The total guest count at fixed roof accommodations increased by over 11% to 408,900 guests in 2014
- ❖ Total revenues increased by 7%, for an average of \$257,800 per property, while revenues per guest reached \$126 in 2014; unit rental revenue accounted for 65% of total revenues at fixed roof properties
- ❖ Close to 2/3 (65%) of visitors to fixed roof properties came from outside Northern Ontario boundaries

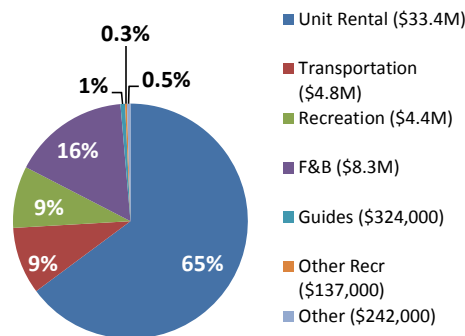


Algoma Country Total Fixed Roof Accommodation Market Performance			
	2013	2014	% Chg
Total Units	2,735	2,764	1%
Total Guests	367,300	408,900	11%
Total Revenues (\$M)	\$48.0	\$51.6	7%
Revenue per Guest	\$131	\$126	-3%

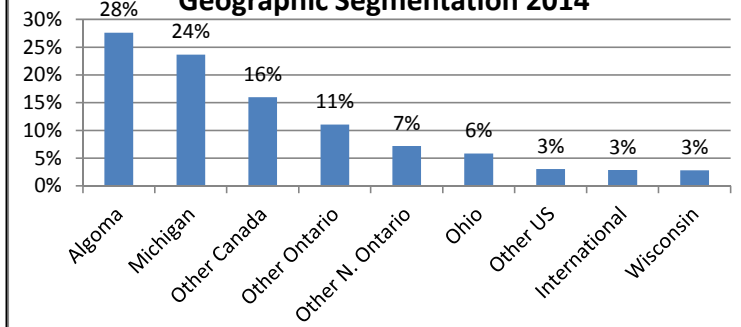
NOTE: The survey sample included 488 units, weighted to Algoma Country's total inventory of 2,764 units, representing 200 properties in 2014



Algoma Country Fixed Roof Market Revenue Breakdown 2014



Algoma Country Fixed Roof Market Geographic Segmentation 2014



Algoma Country (excluding Sault Ste. Marie) Bed & Breakfast Performance - 2013/14



Hospitality & Tourism
Business Advisors

HIGHLIGHTS

- ❖ Algoma Country's Bed & Breakfast (B&B) inventory is made up of properties with 10 units or less (including cabins & campsite rentals)
- ❖ 22 B&B's operated in 2014, of which 18% were seasonal, representing 93 total units (average 4 units each)
- ❖ Algoma B&Bs attracted an average of 188 guests per property in 2014
- ❖ The total guest count at B&B's declined by 1% in 2014
- ❖ B&B occupancy levels fell to 15% from 16% in 2013
- ❖ 7 in every 10 B&B guests came from outside N. Ontario
- ❖ The average room rate reached \$127 in 2014
- ❖ Total revenues declined by 8% in 2014, for an average of \$21,000 per B&B, or \$6,700 per unit

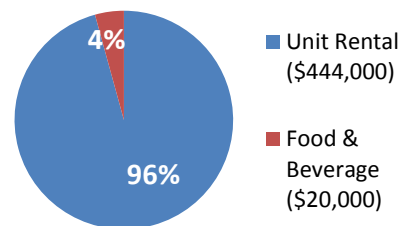


Algoma Country B&B Market Performance			
	2013	2014	% Chg
Total Units	93	93	0%
Total Guests	4,200	4,100	-1%
Total Revenues	\$506,000	\$464,000	-8%
Rev. per Guest	\$121	\$112	-7%

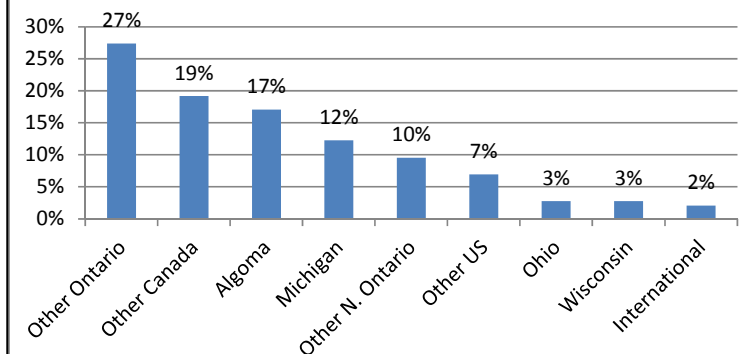
NOTE: The survey sample included 24 B&B units, weighted to Algoma Country's inventory of 93 units, representing 22 B&Bs in 2014.



B&B Revenue Breakdown 2014



B&B Geographic Segmentation - 2014



Algoma Country (excluding Sault Ste. Marie) Hotel & Motel Performance - 2013/14



Hospitality & Tourism
Business Advisors

HIGHLIGHTS

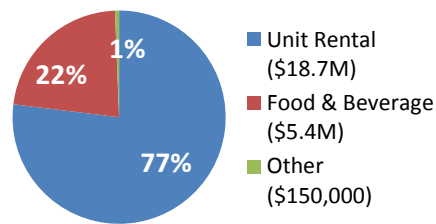
- ❖ Algoma Country's hotel/motel/motor hotel inventory includes properties with more than 10 units
- ❖ 48 hotels & motels operated in 2014, of which 18% were seasonal - representing 1,114 total units (average 23 units each), and 2% supply growth over 2013
- ❖ Algoma hotels & motels attracted an average of 7,600 guests per property in 2014, of which 60% came from outside Northern Ontario
- ❖ The total guest count increased by 12% in 2014
- ❖ Hotel / motel occupancy levels also grew 0.5 points, from 55% in 2013 to 56% in 2014
- ❖ The average room rate reached \$83 in 2014
- ❖ Total revenues increased by 12% in 2014, to reach an average of \$505,600 per property or \$67 per guest



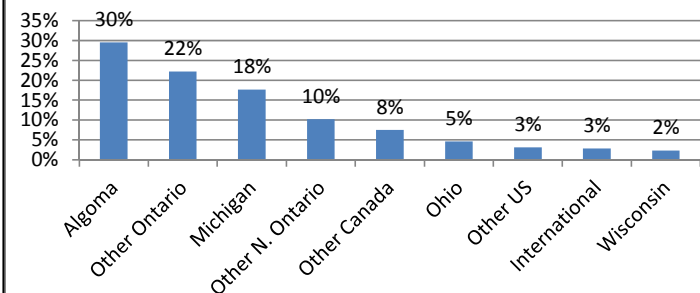
Algoma Country Hotel/Motel Market Performance			
	2013	2014	% Chg
Total Units	1,096	1,114	2%
Total Guests	325,100	364,800	12%
Total Revenues (\$M)	\$21.7	\$24.3	12%
Revenue per Guest	\$67	\$67	0%

NOTE: The survey sample included 94 hotel/motel units, weighted to Algoma Country's inventory of 1,114 units, representing 48 hotels/motels in 2014.

Hotel/Motel Revenue Breakdown 2014



Hotel/Motel Geographic Segmentation - 2014



Algoma Country Hunting & Fishing Lodge / Outpost Performance - 2013/14



Hospitality & Tourism
Business Advisors

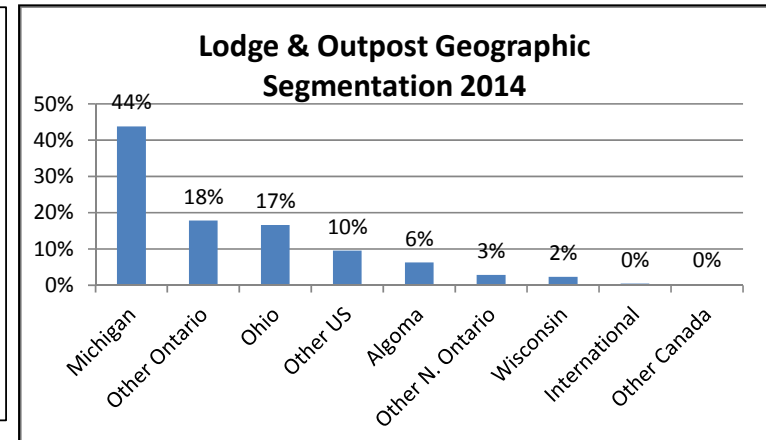
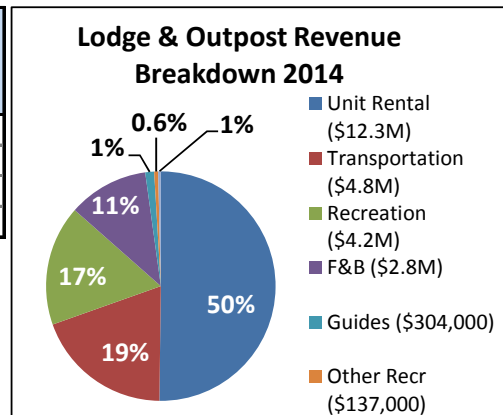
HIGHLIGHTS

- ❖ Algoma Country's hunting & fishing lodge / outpost inventory is made up of properties that offer a package rate, typically priced per person, with or without meals (may also include cabin and campsite rentals)
- ❖ 86 lodges & outposts operated in 2014, of which 92% were seasonal, for 1,270 total units (average 15 units each)
- ❖ Lodges & outposts yielded 342 guests per property in 2014, and the total guest count increased by 6%
- ❖ 91% of guests derived from outside Northern Ontario
- ❖ About 20% of revenues are attributed to transportation
- ❖ Total revenues grew by 5% in 2014, for an average of \$286,200 per lodge, while revenues per guest declined to \$798 in 2014 from \$807 the year prior (\$10 per guest)



Algoma Country Lodge & Outpost Market Performance			
	2013	2014	% Chg
Total Units	1,269	1,270	0%
Total Guests	27,700	29,400	6%
Total Revenues (\$M)	\$23.5	\$24.6	5%
Revenue per Guest	\$807	\$798	-1%

NOTE: The survey sample included 309 fishing/hunting lodges & outpost units, weighted to Algoma Country's inventory of 1,270 units, representing 86 fishing/hunting lodges & outposts in 2014.



Algoma Country Housekeeping Cottage Resort Performance - 2013/14



Hospitality & Tourism
Business Advisors

HIGHLIGHTS

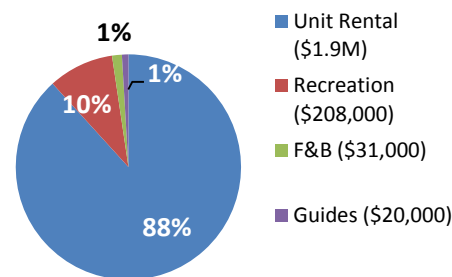
- ❖ Algoma Country's housekeeping cottage resort inventory is made up of properties with cottages and cabins rented without meals (may include campsites and outposts, but not dedicated to fishing or hunting)
- ❖ 44 cottage resorts operated in 2014, of which 66% were seasonal, representing 287 total units (avg. 7 units each)
- ❖ Algoma cottage resorts attracted an average of 241 guests per property in 2014
- ❖ The total guest count increased by 3% in 2014, and 69% derived from outside Northern Ontario
- ❖ Total revenues declined by 4% in 2014, for an average of \$50,200 per lodge (down from \$52,300), while revenues per guest declined to \$208 from \$223 in 2013



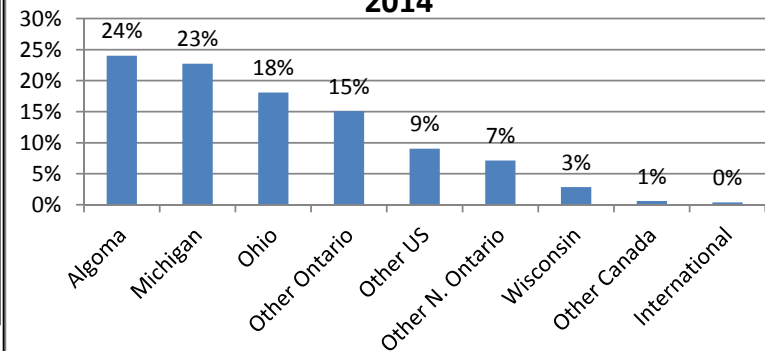
Algoma Country Cottage Resort Market Performance			
	2013	2014	% Chg
Total Units	277	287	4%
Total Guests	10,300	10,600	3%
Total Revenues (\$M)	\$2.3	\$2.2	-4%
Revenue per Guest	\$223	\$208	-7%

NOTE: The survey sample included 61 housekeeping cottage resort units, weighted to Algoma Country's inventory of 287 units, representing 44 cottage resorts in 2014.

Cottage Resort Revenue Breakdown 2014



Cottage Resort Geographic Segmentation 2014



Sault Ste. Marie Hotel & Motel Performance - 2013/14



Hospitality & Tourism
Business Advisors

HIGHLIGHTS

- ❖ On a monthly basis, PKF Canada obtains and monitors the occupancy, average daily rate and revenue per available room of 14 properties in Sault Ste. Marie, representing 1,249 rooms as of year-end 2014, and 75% of the City's hotel & motel industry
- ❖ In 2014, PKF's sample of Trends in the Hotel Industry participating hotels generated \$25.1 Million in rooms revenue, up 7% over 2013
- ❖ Total rooms revenue generated by hotels & motels in Algoma Country reached \$43.8 Million in 2014, of which 57% derived from Sault Ste. Marie properties



SSM Hotel & Motel Market Performance - 2013/14			
	2013	2014	% Chg
Rooms	1,202	1,249	4%
Annual Occupancy	50.6%	53.1%	5%
Average Daily Rate	\$105.48	\$103.60	-2%
Room Revenue (\$Millions)	\$23.4	\$25.1	7%

NOTE: The data generated for this slide was derived from a separate PKF survey; PKF's sample of 1,249 units in Sault Ste. Marie has not been weighted up to the full inventory of 1,679 units, representing 33 hotels & motels in 2014.



Algoma Country Hotel & Motel Rooms Revenue Breakdown 2014

