

District of Lake Country

Hotel and Retail Analysis

CBRE Development Strategy & Consulting final report for the
District of Lake Country



CBRE

October 8, 2025

Market opportunity analysis to
inform hotel and retail investment
in the District of Lake Country,
including current and future
demand, supply gaps, and
spending leakage.



Table of Contents

Introduction 1

Executive Summary 2

1 | Hotel Analysis 4

1.1 | Hotel Development Opportunity Overview 4

1.2 | Competitive Market Supply and Demand Analysis 9

1.3 | Property Performance 20

1.4 | Considerations and Implications 24

2 | Retail Analysis 28

2.1 | Introduction 28

2.2 | Retail Market Trends 29

2.3 | Retail Inventory Analysis 31

2.4 | Retail Demand and Gap Analysis 34

2.5 | Considerations and Implications 37

Appendix A | Limiting Conditions 38

Appendix B | Glossary of Terms 41

Introduction

This report provides CBRE's assessment of hotel and retail market conditions in the District of Lake Country. The analysis evaluates supply and demand, identifies spending leakage and gaps, and projects opportunities to 2030. The findings inform strategies for targeted growth that support the District's goal of a complete and vibrant community.

Study Objectives

The purpose of this report is to understand the market potential and economic viability of both hotel and retail development within the District of Lake Country. This includes an Accommodation Needs Study and a Retail Gap Analysis and has been prepared in accordance with the standards set forth by the Appraisal Institute of Canada.

Authorized Use and User of Report

The District of Lake Country is the sole authorized user. This report is not intended for use by other parties. The authorized use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-authorized users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

Methodology and Limitations

This study draws upon a broad range of data sources, including but not limited to CBRE, Statistics Canada, BC Statistics, the District of Lake Country, the Regional District of Central Okanagan, the Conference Board of Canada, Oxford Economics, Sitewise, Environics, and The Centre for Spatial Economics. While every effort has been made to utilize the most current and reliable market intelligence available, the quality and accuracy of the underlying assumptions within these datasets place inherent limitations on the study's findings. CBRE has exercised diligence in basing its assumptions on reputable and up-to-date sources; however, should market conditions shift materially, the data and conclusions outlined in this report should be revisited.

Limiting Conditions

The Limiting Conditions for this report have been included in Appendix A.

Executive Summary

Hotel Analysis

CBRE expects that the District of Lake Country could support a new ~110-room branded, limited-service hotel, with occupancy projected near 70% and ADR/RevPAR above market. However, rising construction costs and a projected ROI below most investor thresholds mean municipal incentives may be required to attract development.

- **Market Supportability:** The District of Lake Country is expected to have the potential to support a new ~110-room branded, upscale limited-service hotel. Demand is expected to be driven primarily by leisure visitors (~50%) and corporate users (~35%), complemented by sports tourism, UBCO activity, agricultural tourism, and proximity to the Airport. This mix of demand generators provides a strong base across weekdays and weekends, as well as throughout the year, reducing reliance on any single market segment.
- **Competitive Context:** The primary competitive set is concentrated in Vernon and Kelowna, particularly in and around the airport district, where hotel supply expanded at a robust ~6% annually from 2019-2024. By 2024, the market stabilized with 63% occupancy and ADR averaging \$156. Early 2025 results show strengthening performance, with occupancy climbing and ADR growth of ~4%. This indicates the market is recovering from broader economic pressures but also highlights that any new entrants must differentiate from the competition.
- **Demand Outlook:** Competitive market room night demand is forecast to grow at a healthy ~2% annually, increasing from ~273,000 room nights in 2025 to ~354,000 by 2032. While new supply, including the 245-room Sutton Place at Kelowna Airport, will create near-term headwinds, the trajectory of demand suggests that the market could absorb these additions, leaving space for a new hotel in Lake Country hotel.
- **Projected Hotel Performance:** A new hotel in Lake Country could potentially stabilize near 70% occupancy by Year 4, outperforming the wider competitive market. Both ADR and RevPAR are forecast to modestly exceed benchmarks, reflecting the potential to leverage a new branded product in an underserved location. Such a hotel is anticipated to total ~57,000 square feet across four storeys, requiring a 1.5 to 2.0 ac site to accommodate the building, surface parking, and landscaping. This scale aligns with market tested prototypes.
- **Financial Considerations:** Development costs are estimated at ~\$200,000 per room, or ~\$23M in total excluding land, compared with a supportable investment of ~\$21M. This gap highlights the challenge of aligning market-supported revenues with elevated construction costs. The hotel is projected to achieve an ROI of ~7.8% by Year 3, which falls below the 10-15% return threshold typically targeted by institutional and private investors, making external support or partnership important for project advancement.
- **Implications & Recommendations:** Despite strong and diversified demand fundamentals, high capital costs and modest projected returns may make it difficult to attract private developers without additional support. To address this, the District could consider policy tools and incentives such as property tax relief, development charge rebates, infrastructure cost-sharing, or other partnership models to help close the feasibility gap.

Retail Analysis

Lake Country's retail market is supported by strong growth and nearly \$400 million in projected expenditures by 2030. While daily-needs are well served, \$15 to \$31 million in current leakage, rising to \$38 million by 2030, highlights opportunities in grocery, restaurants, and health services. Targeted neighbourhood-scale expansion could capture some of this demand.

- **Market Supportability:** Lake Country's retail market is underpinned by strong local demand, steady population growth, and seasonal inflows of tourism. Demand is concentrated in daily-needs categories such as grocery and food services, with existing centres like Save-On-Foods performing above national benchmarks. However, discretionary and specialty categories remain limited, resulting in spending leakage to Kelowna.
- **Competitive Context:** Retail competition is primarily within nearby Kelowna, where large-format and comparison shopping anchors dominate. While Kelowna will continue to serve as the region's hub for discretionary retail, Lake Country's smaller-scale, convenience-oriented formats are capturing strong sales and generating interest from regional and national tenants. Vacancy remains low and in line with a market in healthy equilibrium.
- **Demand Outlook:** By 2030, Lake Country's population is projected to approach 20,000 residents. Combined with tourism inflows and rural catchments, this base is expected to generate nearly \$400M in annual retail expenditures. Spending growth will remain concentrated in food services and health-related categories.
- **Current and Future Leakage:** Analysis indicates that between \$15M to \$31M in annual spending is currently leaking out of the District, equivalent to support approximately 24,000 to 54,000 sf of new space. By 2030, this opportunity could grow to between \$30M and \$48M, supporting up to 66,000 sf. Leakage is most notable in groceries and food services (up to ~\$9M), restaurants (up to ~\$4M), and health & personal care (up to ~\$7M).
- **Projected Retail Performance:** Incremental retail expansion in Lake Country is expected to achieve above-average productivity, provided growth is scaled appropriately. New supply should focus on smaller-format tenants, experiential retail, and operators aligned with agritourism, recreation, and the growing household base. Select expansion into grocery, cafés, dining, and health/wellness services appears most feasible.
- **Policy Considerations:** Given the ongoing mismatch between construction costs and achievable revenues across most asset classes, including mixed-use projects with retail at grade, municipal tools such as streamlined approvals, infrastructure cost-sharing, and public realm investments could help attract quality development. Standalone retail uses may be more feasible in the near term and, if thoughtfully designed, can still support a walkable, Town Centre-style environment through strong pedestrian connections to adjacent residential areas and high-quality landscaping and design.
- **Implications & Recommendations:** Lake Country is well positioned to accommodate modest, neighbourhood-scale retail growth that enhances both local and tourism amenities while reducing spending leakage. Priority should be placed on food services, restaurants, experience-oriented, and health-related retail. Although some retail categories will continue to be better served in Kelowna, the District can leverage its demographics, strong tenant performance, and tourism economy to attract new operators and reinforce its role as a complete community.

1 | Hotel Analysis

1.1 | Hotel Development Opportunity Overview

CBRE's hotel analysis indicates that the District of Lake Country could likely support the feasible development of a Midscale to Upscale branded, Limited-Service hotel based on anticipated market demand and the economics of hotel development and operations and the impact of the competitive marketplace in the region.

1.1.1 | Location Considerations

When determining the optimum location and site for a hotel development, **developers typically consider the following characteristics:**

- **Access:** An optimal hotel development site should be easily accessible and ideally situated in a convenient location with easy access to and from major arterial roadways.
- **Ingress/Egress:** An optimal hotel site should have simple, easily accessible routes of ingress and egress.
- **Visibility:** An optimal hotel development site should allow for the hotel to be oriented in such a way that the building could be seen by traffic in all directions. It would still be necessary to supplement the building visibility with appropriate signage along major roadways and on the building and site itself.
- **Proximity to demand generators:** An optimal hotel development site should be reasonably proximate to the local demand generators such as major businesses or industrial parks as well as recreation and leisure attractions.
- **Proximity to support amenities:** An optimal hotel development site should be within walking distance or reasonably proximate to a concentration of support amenities such as restaurants, entertainment, and retail.

In general, leisure travelers place a higher value on having amenities within walking distance and ease of access to and from major transportation routes, while corporate travelers and meeting/conference guests would expect business and industrial parks to be within a short driving distance.

1.1.2 | Development Concept

In simplistic terms, there are primarily four types of hotels:

- **Limited Service Hotel:** Typically classified as being budget friendly and provides its guests with minimum services and amenities. There are typically less employees and guests are self-sufficient in terms of their activities within the hotel and upon arrival and departure. While upscale limited service hotels can generally have a fitness centre, swimming pool and a small volume of meeting space, food and beverage service is limited to a complimentary breakfast.

- **Full Service Hotel:** Offers an array of amenities and services including all recreation services, typically has a relatively high volume of meeting space and has one or more food and beverage outlets. Generally, the guest room count is higher and there are more employees providing greater touch points of guest services.
- **Focused/Select Service Hotel:** As the name focused service or select service implies, this type of property offers limited degrees of services and amenities compared to full service hotels but generally offers more than a limited service hotel – essentially a hybrid of the two. A complimentary breakfast is not offered, rather the hotel would have a restaurant for regular paid service. The volume of meeting space is generally greater than a limited service hotel and a swimming pool, fitness centre, and a business centre would be offered.
- **Extended Stay Hotel:** Designed with larger guest rooms, primarily suites that have kitchen facilities, a living area and often a separate bedroom (or two). Generally, additional services and amenities offered are comparable to those of a limited service hotel, including a complimentary breakfast room.

In terms of new hotel development in Canada in recent years, limited and focused service hotels have been the most prevalent. In many cases, they satisfy a need in a market of traditional full service hotels and offer the developer a lower cost development option with greater financial feasibility.

When determining the ideal product for hotel development in Lake Country, the motivations and priorities of the hotel investment and lending community were considered along with market factors as outlined throughout this report. **Typical hotel investors have several key criteria they consider when determining how/where to invest their funds, the most important of which are:**

- **Return on Investment:** Return on Investment measures the gain or loss generated on an investment relative to the amount of money invested. Hospitality property is considered to be a secondary form of real estate investment due to its specialized nature, requirement for strong management and higher risk associated with the income stream. Investors require a higher rate of return on hospitality property as compared to more traditional real estate investments. Our experience in the industry indicates that typical hotel investors expect a return on investment in the range of 10% to 15%, far higher than what is characteristic of other real estate classes.
- **Availability and Likelihood of Financing:** The availability and cost of financing has a direct impact on the value of a hotel, and hence hotel financing parameters play an integral role in the feasibility of new hotels. In today's lending environment, obtaining financing on a non-branded asset is highly challenging. The support of a large, well-known international brand mitigates the performance risk of an asset with the premier brands almost always outperforming second tier brands or independent hotels. In addition, the support of a large brand / reservation system and national marketing network, also makes a hotel asset much less vulnerable to new supply. Further, when considering construction financing on new build assets, lenders will finance on the lower of capital cost or estimated market value ~ which directly impacts the level of equity required to move a project forward. In the most ideal situation, capital cost and estimated market value are equal.
- **Liquidity/Exit Strategy:** Both lenders and developers consider the ultimate exit strategy when evaluating a hotel investment opportunity. Research shows that branding also helps to reduce the liquidity risk of an asset, in the sense that there would be more potential purchasers for product carrying strong brands that are not specific to one owner/operator/developer.

These are critical factors that influence a hotel developer's investment decision, and these should be considered when evaluating the opportunity for accommodation development in any location. Throughout the engagement CBRE consistently evaluated the potential for accommodation development in Lake Country bearing in mind these "typical" development and investment parameters. All recommendations, such as the size of the project, nature of the accommodation (i.e. branded vs. un-branded) have been based on what our experience in the industry has shown would give the community the best means for attracting an interested developer. These in turn would assist in ensuring a development with the greatest long-term potential for success is developed, considering all of the market and investment factors in Lake Country.

It is our opinion that the development of a branded, 110-unit (or less), Upper Midscale or Upscale, Limited Service hotel would be most appropriate for development in Lake Country. This product positioning is based on these primary factors:

- This level of hotel can appeal to a broad range of guests and types of travelers.
- The design prototypes for these types of hotels are efficient.
- This level of hotel is more cost effective to operate relative to other higher service level hotels.

The following was considered, as outlined in more detail within this report:

- With the exception of a resort location, hotels need corporate business to maximize occupancy. Leisure travel, with the exception of summer months, typically occurs on weekends (two nights per week). The five weeknights of each week, hotels need other demand sources to drive occupancy, which generally comes from the corporate sector. In a tertiary market such as Lake Country, the economic base exists but is relatively small as compared with major or secondary markets. As such, the dynamics of the Lake Country economy play heavily into the type/concept of hotel and the size to be developed. In this case, a full service hotel with a high room count is not likely to maximize occupancy given the limited corporate base. Therefore, a limited service hotel is a more optimum development consideration.
- The location of a potential hotel in Lake Country is expected have relatively easy or direct access to food and beverage services in the area, therefore an on-site restaurant is not deemed necessary. Food and beverage services within a hotel are generally not the primary profit centre. A limited service hotel without a restaurant is easier to operate and requires less staffing. Further, as is discussed below, a significant volume of meeting space is not considered necessary for a potential hotel in Lake Country, therefore, a restaurant is not required to provide banquet catering.
- There are several hotels in Kelowna and Vernon with meeting space that are satisfying the meeting/conference needs for the market. Meeting rooms within hotels are not the primary profit centre. They primarily exist to drive room night demand from large groups that require the space to gather for a meeting or conference but that also need a block of guest rooms. Often times in suburban or tertiary markets meeting rooms are used by local groups but do not generate a material volume of overnight room demand. Given that there are many hotels in the competitive market with meeting space and because Kelowna is considered the primary meeting/conference market for the area, a small meeting room at the proposed hotel for up to approximately 65 people is considered sufficient.

- Most of the hotels in the competitive market are associated with an international franchise or a regional brand. Branded hotels provide name recognition to worldwide markets, marketing and sales support, central reservations and development/design prototypes, and more. To be more competitive and ensure maximum performance, it is believed a proposed hotel in Lake Country should carry an internally recognized franchise.
- While the District is supported by a decent economic base, there is a strong leisure and sport sector to the community. As the name implies, there are three lakes located directly within the district with an abundance of trails and recreation opportunities. The fair climate and wineries also make the district popular for general tourism. The municipality attracts several sporting groups and events already; however, there is opportunity to continue to grow the sports market throughout the year. The sports market typically is a strong demand generator for limited and focused service hotels. The amenities, services and price points of this product level are attractive for the leisure segment and for sports groups, often more so than for a full service hotel.

1.1.3 | Branding

Whether or not to brand a hotel is always a key consideration in hotel development. Branding can provide a level of credibility to a project, much like an anchor tenant in a retail development. This can help support operations of the hotel and improve performance through national and global sales and marketing platforms, provide access to loyalty programs and offer operational support and resources, including buying power. Branding can also help to enhance the potential for project financing and contribute to the ability of the hotel to perform at the projected levels.

Figure 1 – Limited Service Hotel Brand Considerations

CBRE believes that the District of Lake Country could support the introduction of an Upper Midscale or Upscale Limited Service hotel. The list of brands below is indicative of the hotels expected to be supported within the District.

Brand Family	Midscale / Upper Midscale	Upscale
Hilton	Tru by Hilton, Spark by Hilton	Hampton Inn
Marriot	City Express	Fairfield Inn
Wyndham	Microtel, La Quinta, Days Inn, Ramada, Baymont	Wingate
IHG	Avid, Graner	Holiday Inn Express
Hyatt	Hyatt Select	-
Choice	Park Inn by Radisson, Comfort Inn, Quality Inn	-
Best Western	SureStay, Best Western	SureStay Plus, Best Western Plus

Source: CBRE Hotels

1.1.4 | Potential Hotel Facility Program

It is our opinion that the development of a branded, 110-unit, Upper Midscale or Upscale, Limited Service hotel would be most appropriate for development in Lake Country. Based on the type of hotel and the branding level recommended, the following table outlines a possible facility program for the potential hotel. The facility program is based on the prototypes for several of the brands which fall into the Upper Midscale/Upscale category and is not meant to be prescriptive but rather to provide a general context as to the size of the potential hotel.

Figure 2 – Potential Hotel Facility Program

The development of a branded, 110-unit, Upper Midscale or Upscale, Limited Service hotel appears to be supportable within the District of Lake Country. Such a hotel would likely total approximately 57,000 sf of gross floor area.

Component	% of Room Mix	Keys/Capacity	SF/Rom	Total GFA
Guestrooms				
King	30%	33 keys	275 sf	9,075 sf
Queen	45%	49 keys	325 sf	16,088 sf
Suite	25%	28 keys	379 sf	10,423 sf
Subtotal	100%	110 keys	324 sf	35,585 sf
Food & Beverage				
Breakfast Room		50 seats	17 sf	1,880 sf
Subtotal		50 seats	17 sf	1,880 sf
Meeting/Conference Facilities				
Meeting Room		67 people	9 sf	1,000 sf
Subtotal		67 people	9 sf	1,000 sf
Other Facilities				
Fitness Room / Pool			16 sf	1,744 sf
Lobby / Public Spaces			67 sf	7,419 sf
BOH / Circulation			88 sf	9,711 sf
Subtotal			57 sf	18,874 sf
Total Hotel GFA			521 sf	57,339 sf

Source: CBRE Hotels

- Hotels of this type typically require approximately **1.5-2.0 acres of land**, including surface parking coverage.
- A prototypical limited service hotel offers **complimentary breakfast for guests** in a small breakfast area within the lobby. Any full-service banqueting/food services would generally be provided by a third party.
- The inclusion of **1,000 sf of flexible meeting space with a capacity of approximately 67 people** would allow the hotel to attract some small-sized meeting business and would be good for sports teams and leisure groups. This is generally comprised of one standard meeting room, possibly divisible into two smaller rooms.
- An **indoor swimming pool and fitness centre** has been included in the facility program in the case of the potential Lake Country hotel. While a pool is optional for many of the brands at this level, it is our opinion that it be included to help with leisure and sports team demand.
- A hotel of this type would likely be **4 storeys in height** with a GFA of around **57,000 sf or 520 sf per room**.
- While it is suggested that the market could support the development of approximately 110 rooms, it is recommended, as outlined in this report, that this be in the form of **one 110 room property and not two 50-60 room properties, due to the economies of scale established with a higher room count**.

1.2 | Competitive Market Supply and Demand Analysis

Between 2025 and 2032, the competitive hotel market is projected to grow by approximately 2% annually, with room night demand increasing from an estimated 273,297 in 2025 to 353,830 by 2032. This growth suggests potential demand for additional hotel rooms, a share of which could likely be captured in Lake Country.

1.2.1 | National Accommodation Market Overview & Outlook

The outbreak of COVID-19 in 2020 caused heightened uncertainty in both local and global market conditions. The impact on the hospitality sector was significant as many countries implemented strict travel restrictions effectively limiting both domestic and international travel, with Canada banning entry for foreign nationals on March 18, 2020, and closing the Canada-U.S. border to non-essential travel for about 18 months.

Following a 64% decline in RevPAR to \$39 in 2020, the national accommodation market rebounded in 2021, driven by increased leisure demand and a gradual return of corporate and conference business. Although Q1 2022 saw a dip due to the Omicron variant, RevPAR recovery accelerated, with a 33% increase in ADR and a 20-point rise in occupancy, resulting in an impressive 95% overall RevPAR growth for the year. This recovery was fueled by inflation, strong leisure demand from pent-up travel desire, and capacity constraints from labor shortages in the industry.

National occupancy recovered to previous peak levels in 2023 as demand grew by 8.8% and occupancy increased by 5 points. This in addition to the strong ADR growth helped to drive another 20% RevPAR growth. Although nationally the industry saw a full recovery of RevPAR in 2022, many of the major metro markets were still being impacted by lower demand levels as not all segments (i.e. International Leisure, etc.) had returned to full capacity.

Figure 3 – National Hotel Performance Forecast

Between 2025 and 2027, the industry is expected to see modest growth in ADR and RevPAR as less robust economic conditions, and rate yield environments impact the trajectory of growth. Over the next several years national occupancy is projected to remain at peak levels as lower levels of supply over the last few years have elevated capacity constraints.

Year	Indicator			Year Over Year Change				
	OCC	ADR	RevPAR	Supply	Demand	OCC	ADR	RevPAR
2019	65%	\$163	\$106	1.4%	1%	-1 pt	5%	5%
2020	30%	\$128	\$39	0.7%	-54%	-35 pts	-22%	-64%
2021	41%	\$135	\$56	0.5%	39%	11 pts	5%	45%
2022	61%	\$179	\$109	0.5%	48%	20 pts	33%	95%
2023	66%	\$197	\$129	0.7%	8.7%	5 pts	10.7%	19.5%
2024	66%	\$206	\$135	0.5%	0.3%	0 pts	4.8%	4.5%
2025 (f)	66%	\$210	\$137	1.3%	1.3%	0 pts	1.7%	1.7%
2026 (f)	65%	\$214	\$140	1.8%	1.5%	-1 pt	2.0%	1.7%
2027 (f)	65%	\$218	\$141	2.1%	1.1%	0 pts	2.0%	1.1%

Source: CBRE Hotels

1.2.2 | Competitive Market Identification

In order to identify hotel market trends as they relate to a potential hotel in Lake Country, a competitive market needs to be identified. There are currently only two primary traditional hotels located within Lake Country; therefore, we need to look more broadly at the region to identify a larger competitive market. It is our opinion that an appropriate competitive market for Lake Country would include the hotels in the immediate area of the Kelowna International Airport and the hotels located in Vernon.

Information on the historic performance of this competitive market has been drawn from data collected through the CBRE Hotels Trends database. On an annual basis between 500 to 600 properties (90,000 – 110,000 rooms) provide us with their detailed operating statements, while on a monthly basis, CBRE Hotels obtains and monitors the occupancy, average daily rate, and revenue per available room of over 2,000 properties representing almost 55% of the Canadian hotel industry's 470,000 rooms.

The following table presents the selected competitive accommodation market for a potential new hotel in Lake Country. The competitive properties were chosen based on a variety of factors, including location, facilities and amenities offered, market characteristics and segmentation as well as room rate structure.

Figure 4 – Competitive Facilities Overview

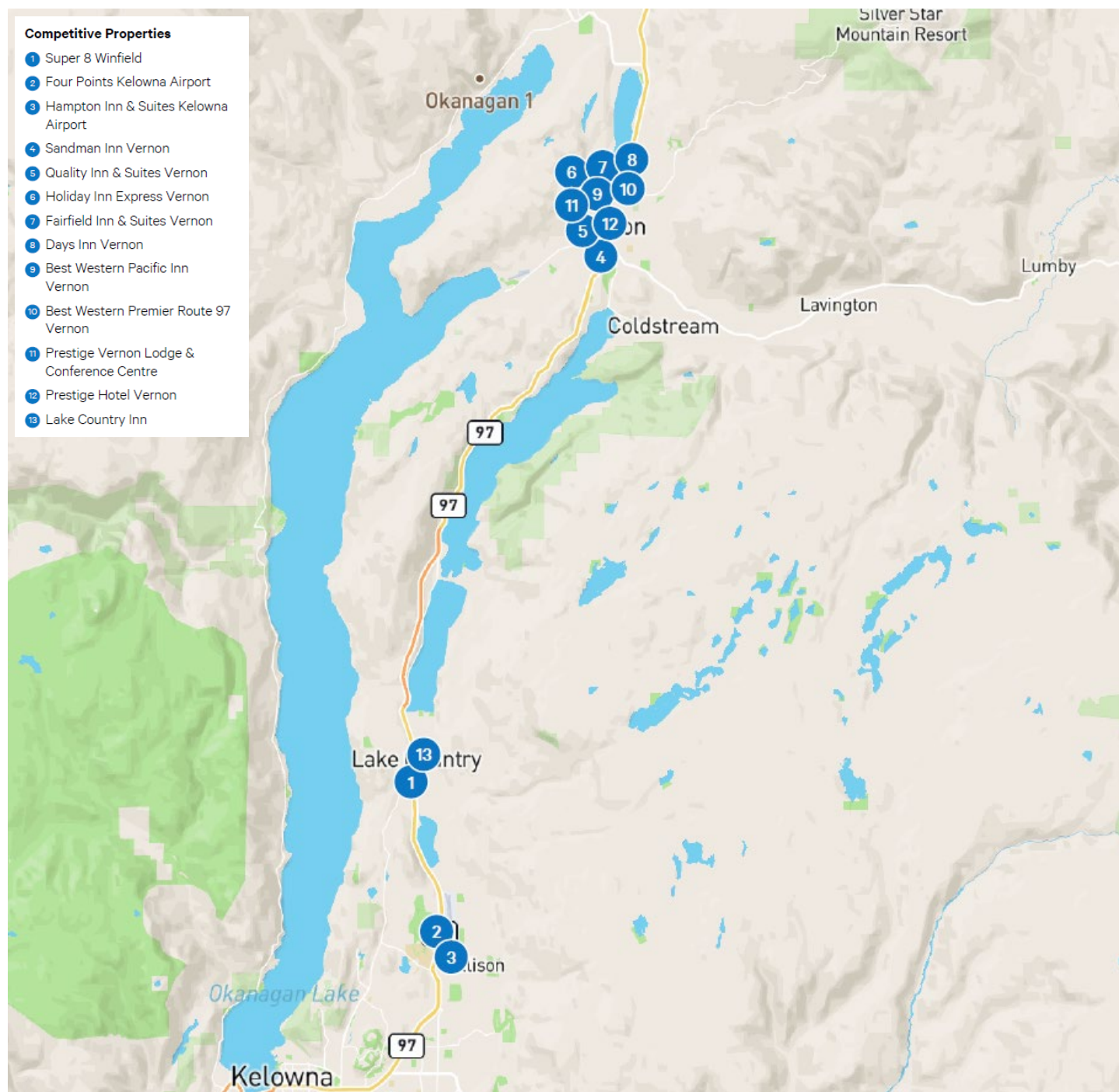
At the end of 2024, the competitive accommodation market was comprised of 1,171 rooms or 428,586 available room nights. A map showing the location of each competitor and its location relative to Lake Country is included on the following page.

#	Name	Address	Rooms	Type	Meeting Space (SF)	Meeting Space Per Room (SF)	Restaurant/Lounge	Breakfast Room	Pool	Fitness Centre	Business Centre
1	Super 8 Winfield	9564 Highway 97, Lake Country	40	Limited	-	-	x				
2	Four Points Kelowna Airport	5505 Airport Way, Kelowna	175	Full	4,280	24.5	x	x	x	x	
3	Hampton Inn & Suites	1665 Innovation Dr, Kelowna	140	Limited	3,203	22.9	x	x	x	x	
4	Sandman Inn Vernon	4201 32nd Street, Vernon	69	Focused	900	13	x	x	x	x	
5	Quality Inn & Suites Vernon	4204 32nd Street, Vernon	62	Limited	-	-	x	x			
6	Holiday Inn Express Vernon	4716 34th Street, Vernon	85	Limited	1,300	15.3	X	x	x	x	
7	Fairfield Inn & Suites Vernon	5300 Anderson Way, Vernon	97	Limited	1,399	14.4	x	x	x	x	
8	Days Inn Vernon	5121 26 Street, Vernon	53	Limited	-	-	x				
9	Best Western Pacific Inn	4790 34th Street, Vernon	61	Limited	1,100	18	x	x	x	x	
10	Best Western Premier Vernon	5350 Anderson Way, Vernon	124	Focused	-	-	x	x	x	x	
11	Prestige Vernon Lodge	3914 32nd Street, Vernon	124	Full	9,916	80	x	x	x	x	
12	Prestige Hotel Vernon	4411 32nd Street, Vernon	113	Full	5,000	44.2	x	x	x	x	
13	Lake Country Inn	10010 Highway 97, Lake Country	28	Limited	-	-					

Source: CBRE Hotels

Figure 5 – Competitive Facilities Map

CBRE estimates that the primary competitive market for the District of Lake Country would include the hotels in the immediate area of the Kelowna International Airport and the hotels located in Vernon.



Source: CBRE Hotels

1.2.3 | Competitive Market Historic Performance

Based on the information contained in the Trends database and CBRE Hotels research, the following presents the performance of the competitive market over the last several years.

Figure 6 – Competitive Market Performance Results

YTD June 2025 statistics show demand and occupancy up modestly relative to the same period in 2024. Market ADR is also up approximately 4%, which is a healthy pace for the year in RevPAR, particularly in light of recent economic conditions.

Year	Rooms Available	Δ%	Rooms Occupied	Δ%	Occupancy	ΔPt.	ADR	Δ%	RevPAR	Δ%
2019	316,820	-	191,054	-	60.3%	-	\$124.81	-	\$75.26	-
2020	350,628	10.7%	142,461	-25.4%	40.6%	-19.7	\$112.70	-9.7%	\$45.79	-39.2%
2021	367,920	4.9%	186,682	31.0%	50.7%	10.1	\$130.35	15.7%	\$66.14	44.4%
2022	392,375	6.6%	245,544	31.5%	62.6%	11.8	\$150.39	15.4%	\$94.11	42.3%
2023	407,340	3.8%	246,005	0.2%	60.4%	-2.2	\$155.28	3.3%	\$93.78	-0.4%
2024	428,586	5.2%	270,591	10.0%	63.1%	2.7	\$155.89	0.4%	\$98.42	5.0%
Annual Growth	6.2%		7.2%				4.5%		5.5%	
YTD Jun 2024	213,122	-	237,741	-	59.9%	-	\$149.23	-	\$89.44	-
YTD Jun 2025	211,951	-0.5%	129,436	1.3%	61.1%	1.1	\$155.60	4.3%	\$95.02	6.2%

Source: CBRE Hotels

- As noted, the **competitive market** selected for a potential hotel in Lake Country includes the primary **properties located in Lake Country, at the airport market area of Kelowna and those located in Vernon.**
- Supply in the competitive market has increased significantly** year over year since 2019. In 2020, market supply increased with the midyear opening of the 140 room Hampton Inn Kelowna Airport. In mid 2022, the 124 room Best Western Premier Route 97 in Vernon opened, and then in 2024, the Four Points by Sheraton Kelowna Airport expanded by 55 rooms. In total, supply in the competitive market **increased 6.2% per year** on a compounded basis.
- As shown, **market occupancy was 60.6% in 2019** and **ADR sat at about \$125**. Occupancy at this level is considered a **relatively stable position** for this market.
- In 2020, with the onset of the **COVID-19 Pandemic** in March, the market experienced a **25% decline in occupied room night demand**. Accommodation markets across the country were impacted by the various government and public health restrictions and the near complete shutdown of travel. Market occupancy fell 20 points to just 41% for the year. ADR also fell significantly, resulting in a 39% decline in RevPAR overall.
- A swift recovery began in 2021.** With some return to travel permitted, particularly during the warmer months of the year during periods of lower case counts, demand in the market rebounded by 31% to push occupancy up to 51% for the year. Market ADR improved a staggering 15.7% to push ADR ahead of 2019 levels. These improvements resulted in a 44% increase in RevPAR to within 85% of 2019 RevPAR.

- **In 2022**, with the lifting of essentially all travel and gathering restrictions, as well as the opening of international borders, the market experienced **another year of strong recovery**, surpassing pre-pandemic demand. Most accommodation markets experienced healthy regional travel from Canadians staying closer to home, not yet ready to travel overseas or to the US. At the same time, general economic conditions led to very high inflation and increasing interest rates. Operating costs increased significantly, which led to increased rates, lifting ADR by another \$20. Overall, RevPAR improved a further 42% for the year.
- **Market demand was largely flat in 2023**, improving just 0.2%, which combined with an uptick in market supply, led to a 2.2 point drop in occupancy. The **pace of rate growth in 2024 was more muted but still healthy** at approximately 3% for the year. Average daily rate for the competitive market finished at \$155. The 2023 wildfire season in the Okanagan was quite destructive, which had an impact on travelers' vacation plans for the area during the peak summer months of travel.
- **Strong demand growth in 2024** managed to outpace healthy supply growth; occupancy improved to 63%, which is a very strong result for the competitive market. On the other hand, rate growth was much more subdued, and ADR finished the year virtually flat to 2023. Nevertheless, RevPAR improved approximately 5%, on the strength of the demand growth.
- **Year-to-date June 2025 statistics show demand and occupancy up modestly** relative to the same period in 2024. Market ADR is also up approximately 4%, which is a healthy pace for the year in RevPAR, particularly in light of recent economic conditions with US imposed tariffs and strained Canada-US relations.

Comparable Accommodation Market Performance

While a specific competitive market has been selected for a proposed hotel in Lake Country, as a further means to review the performance metrics for the region, it is prudent to consider the Kelowna accommodation market as a whole, as well as the short term rental market. There are several short term rental accommodation units within Lake Country and the Central Okanagan.

Kelowna Accommodation Market

The recent past performance of the Kelowna accommodation market is summarized in the following table.

Kelowna Accommodation Market	2019	2020	2021	2022	2023	2024	June 2024 YTD	June 2025 YTD
Annual Occupancy	65.7%	42.9%	49.9%	61.7%	61.4%	64.0%	62.6%	65.6%
Average Daily Rate (ADR)	\$159.10	\$141.60	\$162.37	\$185.38	\$182.33	\$190.83	\$173.54	\$186.36
RevPAR	\$104.60	\$60.79	\$81.06	\$114.46	\$111.93	\$122.12	\$108.55	\$122.24
Occupancy (Pt Change)		-22.8	7.0	11.8	-0.3	2.6	-	3.0
Average Daily Rate (ADR) % Change		-11.0%	14.7%	14.2%	-1.6%	4.7%	-	7.4%
RevPAR % Change		-41.9%	33.3%	41.2%	-2.2%	9.1%	-	12.6%

Source: CBRE Hotels

- As shown, the Kelowna accommodation market has had a **similar trend line to that of the selected competitive market for Lake Country**. In fact, market occupancy fell within a point or two each year, with the exception of 2019 when Kelowna occupancy was about 5 points above that of the competitive market.
- While market ADR for Kelowna followed a similar trend line to the competitive market, the actual dollar value of **ADR was consistently in the range of \$30-35 above that of the competitive market**.

Short Term Rental Market

The short term rental accommodation market is generally comprised of privately held units that are made available for temporary accommodation by the owner, often facilitated through platforms such as AirBnB and VRBO. There is generally a healthy inventory of private vacation rentals in resort and high leisure markets as a means of generating revenue for what is often recreational real estate.

Data for the short term rental market has been gathered through Lighthouse. As shown, data has been reviewed and compiled for the full year 2024 and includes samples for Central Okanagan overall and Kelowna, Vernon, and Lake Country individually.

Short Term Rental Accommodation Market				
2024	Units	Occ	ADR	RevPAR
Central Okanagan	1,914	56%	\$219.16	\$122.23
Kelowna	1,108	58%	\$209.47	\$121.05
Vernon	25	48%	\$242.65	\$116.85
Lake Country	156	54%	\$238.63	\$128.22

Source: Lighthouse, CBRE Hotels

- As shown, while only one year of data is presented, **occupancy for the region and each submarket falls below both Kelowna and the competitive market (by a minimum of 6 points)**.
- ADR**, on the other hand, comes in **well above for the short term rental market than both Kelowna and the competitive market**. This is not surprising given that short term rental units can consist of 'a whole home' with multiple bedrooms and high occupancy load.

1.2.4 | Competitive Market Segmentation

In most markets, overall demand varies based on the nature of travel. Accommodation **demand for the selected competitive market is typically generated by four different segments:** Corporate, Meeting/Conference, Leisure and Government/Other.

CORPORATE

Corporate travelers are defined as those travelling for business purposes, including those engaging with locally based firms and/or passing through the area. Corporate demand is typically generated from Sunday to Thursday nights. Corporate travelers are typically in the market for one to three nights and are single occupancy. Often, their choice of accommodation is influenced by factors such as the quality and range of facilities/amenities offered, location, and franchise/hotel chain loyalty, as they seek to accumulate rewards program benefits.

Historically, this demand segment has been somewhat less price sensitive than other sources of room demand. However, corporate room demand often includes sources that have negotiated room rates that may be discounted based on the volume of activity they produce. Overall, the corporate demand segment is a key source of room night activity.

MEETING/CONFERENCE

In this segment room demand is generated by sources travelling for the primary purpose of attending meetings and conferences. This segment includes corporate groups, associations and SMERF (social, military, educational, religious, and fraternal) groups. This segment is typically attracted by a hotel's in-house meeting facilities and/or their proximity to other public assembly venues and conference/convention facilities. Demand from corporate groups is typically generated between Sunday and Thursday nights.

Corporate groups tend to have a high level of single occupancy, while other groups tend to have more double occupancy. Associations and SMERF groups have a more varied occupancy pattern and often hold weekend meetings. This demand segment tends to be somewhat price sensitive. Meetings and conferences typically generate between one and three nights of guest room demand. Larger groups can often negotiate preferred/discounted room rates or discounts on their food and beverage charges and/or meeting room rental rates.

LEISURE

Leisure travelers generally include vacationers or travelers passing through the area. This segment is typically attracted by a hotel's location relative to area attractions and/or venues where they are participating in events such as sports/recreational exhibitions and competitions. This segment can also include those visiting but not staying with friends and relatives. Leisure demand also includes occupied rooms generated online through third party providers such as Expedia, Priceline, etc. and includes leisure groups such as sports teams and tour groups.

Demand from leisure travelers is typically generated throughout the year on weekends, during school/statutory holiday periods and in the summer months. Leisure travelers tend to have a high level of double occupancy and tend to pay the highest rates. The typical stay for leisure travelers is between one and four nights.

GOVERNMENT/OTHER

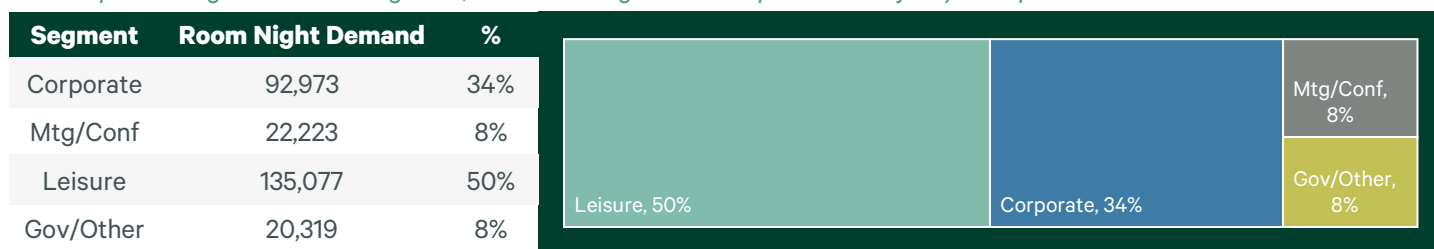
Government/Other demand includes demand generated by all levels of government. It can also include any construction and maintenance crew business that may be staying in the area with durations ranging from one night to several weeks/months. Indigenous travelers that qualify for federal government room rates are included within this segment. Finally, this segment also includes occupied room night demand generated by brand loyalty rewards redemptions or associate stays.

This segment is comprised of demand that is highly rate sensitive in comparison with the other market segments. Some hotels choose to limit the volume of demand from this segment based on their low room rate requirements/preference.

On the basis of CBRE Hotels market research, information contained in our Trends database and discussions with local hoteliers, **the estimated market segmentation for the competitive market in 2024 is presented below:**

Figure 7 – Market Demand Segmentation

CBRE estimates that leisure visitors account for roughly 50% of hotel room demand in the competitive market, with corporate users representing about 35%. Together, these two segments comprise the majority of expected demand.



Source: CBRE Hotels

- In the competitive market, **Corporate demand accounted for approximately 92,973 occupied room nights or 34% of total demand in 2024.** Much of this demand is generated by businesses located in the nearby business/industrial parks, and those of the agriculture and wine industry, aerospace and tech sectors, to name a few. It is also known to include business travelers who are looking for a value priced option relative to Kelowna.
- Meeting/conference demand in the competitive market accounted for approximately 8% of the total demand in the market or 22,223 occupied room nights in 2024.** Within the competitive market there are only a few hotels with significant meeting space. As such, demand from this segment is limited and the majority of the room nights from this segment are generated by the 3-4 properties. In the absence of a conference or convention facility, there are generally no major city wide events that take place in Kelowna to create overflow or compression for the competitive market.
- The **Leisure segment is the largest driver of demand in the competitive market accounting for approximately 135,077 occupied room nights or 50% of the total demand generated in 2024.** In this competitive market, the Leisure demand comes from a variety of sources including primarily general tourism to the Central Okanagan, VFR (visiting friends and relatives), sport related activity, travelers making their way through the Province or cross-provincial travel, as well as demand related to festivals, events or activities taking place in and around Lake Country, Vernon and Kelowna. The sport segment in particular is a strong demand generator for the competitive market – there are tournaments held for many of the summer

and winter sports clubs including hockey, soccer, softball and curling. In addition to minor hockey associated travel, there is a local hockey academy with weeks long summer camps.

- The **Government/Other segment is estimated to have accounted for approximately 8% of demand in the market or 20,319 occupied room nights in 2024.** Government officials, whether municipal, provincial or federal make up a significant source of this demand. The UBCO campus generates room night demand for visiting education professionals. The balance of the demand in this segment is generated by other discounted sources of business such as crew business (primarily construction/infrastructure), third-party bookings as well as loyalty rewards redemptions and associate stays at the branded properties. Aircrew demand would also be included within this segment due to the proximity of the airport.

1.2.5 | Upcoming Supply Analysis

CBRE Hotels considers the following factors in determining which additions to supply may affect the competitive market:

- Distance from the subject hotel
- The current and future condition of the physical plant
- The type of facilities and amenities to be offered
- Information from hotel operators on “who” would be considered a primary competitor

It should be noted that information regarding proposed hotel developments may vary once the planning department grants approvals or hotel development financing is finalized. While CBRE Hotels has made attempts to determine the level of new supply entering the market, it is impossible to determine every hotel that will be developed in the future, when they will be completed or their potential impact on the subject hotel. The inherent risk of any future new hotel supply has been implicitly considered in the selection of a stabilized occupancy level for the District.

Based on information available, discussions with hotel operators and our general knowledge of the industry, **the following outlines the supply that is projected to impact the competitive market over the projection period.**

Figure 8 – Summary of Proposed Supply Changes

The Sutton Place Hotel Kelowna Airport is expected to be the primary additional competitor entering the market over the coming years, introducing an additional 245 rooms in early 2028.

Name	Rooms	Probability	Type	Opening Date	Status
Hotel Needs Assessment	110	100%	Limited Service	Jan 1, 2028	Proposed
Sutton Place Hotel Kelowna Airport	245	100%	Extended Stay	Jan 2, 2028	Under Construction

Source: CBRE Hotels

- For the purposes of this analysis, the **potential hotel in Lake Country is assumed to open in 2028 and will impact the competitive market with 110-rooms at that time.**
- Site work has commenced for the construction of a hotel at the terminal of the Kelowna International Airport. The airport has partnered with Northland Properties to have a **245 room Sutton Place hotel constructed. At this time, the hotel is scheduled to open in January 2028.**

- While not considered directly competitive, it should be noted that there are **several proposals for new hotel development throughout Kelowna**. At the time of this report the plans are preliminary, and it remains to be seen which projects will move forward.
- As such, assuming an additional 110-room Lake Country hotel, **over the projection period the market is expected to potentially see a net increase of 355 rooms – a 30.3% increase in supply**.

1.2.6 | Market Demand and ADR Projections

The demand projections prepared for the competitive market are based on the economic outlook for the area, current market dynamics and anticipated changes in demand patterns throughout the projection period. **The following summarizes our projections for future market room demand and ADR growth**, taking into consideration the potential hotel in Lake Country and other supply developments.

Figure 9 – Market Demand and ADR Projections

CBRE projects that the competitive market will achieve ADR growth of 4.0% in 2025, finishing the year at \$162. Over the balance of the projection period, market ADR is projected to grow at 2.0% per annum.

Market Projections	2024	2025 (f)	2026 (f)	2027 (f)	2028 Year 1	2029 Year 2	2030 Year 3	2031 Year 4	2032 Year 5
Total Demand									
Occupied Room Nights	270,591	273,297	273,297	273,297	333,422	340,091	346,892	353,830	353,830
Demand Growth		1.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	0.0%
Total Supply									
Available Room Nights	428,586	427,415	427,415	427,415	558,516	556,990	556,990	556,990	558,516
Supply Growth		-0.3%	0.0%	0.0%	30.7%	-0.3%	0.0%	0.0%	0.3%
Market Occupancy	63.1%	63.9%	63.9%	63.9%	59.7%	61.1%	62.3%	63.5%	63.4%
Market ADR	\$155.89	\$162.13	\$165.37	\$168.67	\$172.05	\$175.49	\$179.00	\$182.58	\$186.23
Market RevPAR	\$98.42	\$103.67	\$105.74	\$107.85	\$102.71	\$107.15	\$111.48	\$115.98	\$117.98
Rate Growth		4.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: CBRE Hotels

- Based on the year to date June performance and projected demand conditions through the balance of the year, **demand growth is projected to be 1% in 2025**. As a result, occupancy is expected to improve to 64% by the end of the year, which is best results achieved in the recent past.
- Given the market's 'best ever' recent performance **demand is projected to remain flat over 2026 and 2027**. Assuming stable supply and demand fundamentals, occupancy is not expected to edge up beyond current levels. As a high leisure market, there remain **periods of seasonality** where occupancy is expected to remain subdued.
- In 2028**, the opening of new supply, including the potential hotel in Lake Country, is expected to **increase available rooms by over 30%**. As such, market demand is projected to increase by approximately 22%, as the additional peak period capacity induces new demand to the market. A four point erosion in occupancy to approximately 60% is expected as supply growth outpaces demand growth for the year.

- As the new supply is absorbed into the market, **demand is projected to grow 2.0% per year to reach a stabilized position at 62.5% in 2030.** While the overall volume of occupied room nights is projected to be well above historic, market occupancy is expected to remain below recent performance given the volume of new rooms in the market.
- **In 2024, the market finished with an ADR of \$155.68, which was about \$30 above pre-pandemic levels.** This was a result of a strong return of demand in the market along with other inflationary pressures seen throughout the region and country as a whole.
- Based on the year to date June performance, it is projected that the market will achieve **ADR growth of 4.0% in 2025, finishing the year at \$162.** Over the balance of the projection period, market ADR is projected to grow at 2.0% per annum.

1.3 | Property Performance

CBRE anticipates that the District of Lake Country could likely support a new 110-room limited-service hotel from a demand perspective, with occupancy levels stabilizing near 70%, above the market average. Achievable ADR and RevPAR are also expected to modestly exceed market benchmarks.

1.3.1 | Projected Occupancy and Average Daily Rate

In assessing the projected occupancy and rate performance of the potential hotel, a market penetration analysis was undertaken, in which the concept of “fair market share” was utilized. This concept states that, all things being equal, a property will attract rooms demand in the same proportion as its share of rooms supply. Market penetration in excess of 100% indicates that a property possesses competitive advantages relative to the market as a whole, while competitive weaknesses are reflected in penetrations of less than 100%. The marketing philosophy and pricing strategy for a property can also impact its penetration. Accordingly, there are other factors besides competitive weakness that can contribute to a penetration of less than fair share.

The following analysis assesses the projected market position/occupancy, average rate, and RevPAR levels for the potential hotel. The projections are based on numerous factors including the economic influences, the projected supply/demand relationship in the competitive market, interviews with local stakeholders, and expected growth in demand for accommodations in the local area. It is assumed that there are no significant changes in the market over the projection period that would impact the current status of the competitive rooms supply.

The following table presents our projections of performance for the potential hotel by market segment, followed by our rationale for the projections.

Figure 10 – Hotel Needs Assessment Segmentation Projections

CBRE expects a potential new 110-room hotel in the District of Lake Country could achieve above market occupancy levels at a stabilized position of up to 70% by Year 4. Ramp up in performance is typical for a new property establishing itself in a market.

Supply	Year 1 2028	Year 2 2029	Year 3 2030	Year 4 2031	Year 5 2032
Hotel Needs Assessment	110	110	110	110	110
Total Market Supply	1,526	1,526	1,526	1,526	1,526
Fair Share of Supply	7.2%	7.2%	7.2%	7.2%	7.2%
Demand Projections	Year 1 2028	Year 2 2029	Year 3 2030	Year 4 2031	Year 5 2032
Corporate					
Fair Share of Demand	8,258	8,423	8,592	8,763	8,763
Penetration Rate	75.0%	75.0%	80.0%	85.0%	85.0%
Total Demand Captured	6,193	6,317	6,873	7,449	7,449
Ratio to Total Demand	24.3%	24.3%	25.5%	27.0%	26.7%
Mtg/Conf					
Fair Share of Demand	1,974	2,013	2,054	2,095	2,095

Penetration Rate	50.0%	50.0%	50.0%	50.0%	50.0%
Total Demand Captured	987	1,007	1,027	1,047	1,047
Ratio to Total Demand	3.9%	3.9%	3.8%	3.7%	3.7%
Leisure					
Fair Share of Demand	11,998	12,238	12,482	12,732	12,732
Penetration Rate	140.0%	140.0%	140.0%	140.0%	140.0%
Total Demand Captured	16,797	17,133	17,475	17,825	17,825
Ratio to Total Demand	65.8%	65.8%	64.8%	63.8%	63.8%
Gov/Other					
Fair Share of Demand	1,805	1,841	1,878	1,915	1,915
Penetration Rate	85.0%	85.0%	85.0%	85.0%	85.0%
Total Demand Captured	1,534	1,565	1,596	1,628	1,628
Ratio to Total Demand	6.0%	6.0%	5.9%	5.9%	5.9%
Total	Year 1 2028	Year 2 2029	Year 3 2030	Year 4 2031	Year 5 2032
Total Fair Share Demand	24,034	24,515	25,005	25,505	25,505
Total Demand Captured	25,511	25,775	27,042	28,949	28,949
Total Rooms Revenue	\$4,471,158	\$4,651,793	\$4,918,287	\$5,198,877	\$5,302,854
Property Occupancy	63.4%	64.8%	67.2%	69.6%	69.4%
Property ADR	\$175.26	\$178.77	\$182.35	\$186.01	\$189.73
Property RevPAR	\$111.06	\$115.86	\$122.50	\$129.49	\$137.12
Market Comparison	Year 1 2028	Year 2 2029	Year 3 2030	Year 4 2031	Year 5 2032
Market Occupancy	59.7%	61.1%	62.3%	63.5%	63.4%
Projected Subject Occupancy	63.4%	64.8%	67.2%	69.6%	69.4%
Subject Market Penetration	106.1%	106.1%	107.9%	109.6%	109.6%
Market ADR	\$172.05	\$175.49	\$179.00	\$182.58	\$186.23
Projected Subject ADR	\$175.26	\$178.77	\$182.35	\$186.01	\$189.73
Subject ADR Penetration	101.9%	101.9%	101.9%	101.9%	101.9%
Market RevPAR	\$102.71	\$107.15	\$111.48	\$115.98	\$117.98
Subject RevPAR	\$111.06	\$115.86	\$122.50	\$129.49	\$137.12
Subject RevPAR Index	108.1%	108.1%	109.9%	111.6%	111.6%

Source: CBRE Hotels

- As noted, **the potential subject hotel is expected to capture its greatest share of demand from the leisure segment** through sports teams and general tourism.
- Corporate demand is also expected to be an important** segment for the subject due to its proximity to the Kelowna International Airport and the business/light industrial parks of the area.

- With only a small meeting room, the **meeting/conference demand is expected to be limited to small corporate groups** for meetings, training seminars, etc. Often times in similar hotels/markets, the meeting room is utilized frequently by local groups but not a significant amount of overnight demand is created.
- **Government/Other demand is a discount segment that is best utilized by hotels as a base** from which to build business. Therefore, penetration below fair share is reasonable. A heavy reliance on this segment often impacts the average daily rate achieved.
- Overall, **the potential hotel is expected to achieve above market occupancy at a stabilized position of up to 70% by Year 4.** A ramp up in performance is typical for a new property establishing itself in a market.
- With respect to ADR, a potential hotel in Lake Country is **expected to achieve rate at or slightly above market.** This takes into consideration a position below that of the hotels in the Kelowna market but above those in Lake Country and Vernon. As a newly constructed hotel with a strong brand and complement of amenities and services, the property should command a healthy market or above market rate.

1.3.2 | Projected Occupancy and Average Daily Rate

COMPARATIVE REVIEW OF OPERATIONS

Given that the potential hotel development would be a newly constructed asset, in preparing the operating projections relied upon in the Income Approach a build-up method or zero-based approach has been used to project revenues and expenses on a department by department basis. In order to estimate the revenues and expenses of the hotel, the proforma assumptions have been based on a review of the operating performance of similar and like hotels as tracked through the in-house CBRE Canadian Hotel Trends database. The CBRE Hotel database of financial statements annually includes between 500 and 600 properties across Canada. This database, which provides insight into the operating performance of other directly competitive and comparable hotels, includes various samples of limited service hotels. The comparative hotels were selected based on their size, facility program and market mix.

The chart on the following page presents four (4) comparable property samples which were reviewed in detail in preparing the operating projections for the potential hotel.

Figure 11 –Review of Comparative Hotel Operations

CBRE estimates that a new 110-room limited service hotel would likely experience financial performance similar to the competitive set outlined below.

Hotel Needs Assessment Comparative Review of Operations												
	CBRE Trends											
	BC Limited Service				West Limited Service			Canadian Limited Service			Custom Competitive Set Branded Limited Service	
Period	2023				2023			2023			2023	
Occupancy	66%				64%			66%			73%	
Average Daily Rate	\$180.44				\$150.39			\$151.97			\$170.46	
RevPAR	\$119.68				\$95.60			\$100.01			\$124.79	
Average No. of Rooms	105				102			97			115	
OPERATING REVENUE	\$PAR	\$ORN	%	\$PAR	\$ORN	%	\$PAR	\$ORN	%	\$PAR	\$ORN	%
Rooms Revenue	\$43,683	\$180.44	95.6%	\$34,895	\$150.39	93.5%	\$36,504	\$151.97	92.2%	\$45,547	\$170	91.1%
Food & Beverage Revenue	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$500	\$2	1.0%
Other Operated Departments Revenue	\$428	\$2	0.9%	\$1,106	\$5	3.0%	\$2,022	\$8	5.1%	\$2,863	\$11	5.7%
Miscellaneous Income	\$1,589	\$7	3.5%	\$1,310	\$6	3.5%	\$1,081	\$5	2.7%	\$1,098	\$4	2.2%
Total Operating Revenue	\$45,700	\$189	100.0%	\$37,310	\$161	100.0%	\$39,607	\$165	100.0%	\$50,008	\$187	100.0%
DEPARTMENTAL EXPENSES												
Rooms Expense	\$12,302	\$51	28.2%	\$9,840	\$42	28.2%	\$10,062	\$42	27.6%	\$11,448	\$43	25.1%
Food & Beverage Expense	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$161	\$1	32.2%
Other Operating Departments Expense	\$521	\$2	122%	\$666	\$3	60%	\$996	\$4	49%	\$1,211	\$5	42.3%
Total Departmental Expenses	\$12,823	\$53	28.1%	\$10,506	\$45	28.2%	\$11,058	\$46	27.9%	\$12,819	\$48	25.6%
TOTAL DEPARTMENTAL PROFIT	\$32,877	\$136	71.9%	\$26,805	\$116	71.8%	\$28,549	\$119	72.1%	\$37,189	\$139	74.4%
UNDISTRIBUTED EXPENSES												
Administration and General	\$3,039	\$13	6.6%	\$2,839	\$12	7.6%	\$2,809	\$12	7.1%	\$3,064	\$11	6.1%
Information and Telecommunications Systems	\$690	\$3	1.5%	\$560	\$2	1.5%	\$532	\$2	1.3%	\$594	\$2	1.2%
Sales & Marketing (Incl. Franchise Fees)	\$3,488	\$14	7.9%	\$3,077	\$13	8.7%	\$3,670	\$15	9.9%	\$5,854	\$22	12.7%
Property Operations and Maintenance	\$2,101	\$9	4.6%	\$1,743	\$8	4.7%	\$1,591	\$7	4.0%	\$1,832	\$7	3.7%
Utilities	\$1,257	\$5	2.8%	\$1,749	\$8	4.7%	\$1,516	\$6	3.8%	\$1,636	\$6	3.3%
Total Undistributed Expenses	\$10,574	\$44	23.1%	\$9,967	\$43	26.7%	\$10,117	\$42	25.5%	\$12,979	\$49	26.0%
GROSS OPERATING PROFIT	\$22,303	\$92	48.8%	\$16,838	\$73	45.1%	\$18,433	\$77	46.5%	\$24,209	\$91	48.4%
Management Fees	\$1,371	\$6	3.0%	\$1,119	\$5	3.0%	\$1,188	\$5	3.0%	\$1,625	\$6	3.2%
INCOME BEFORE NON-OPERATING INCOME AND EXPENSE	\$20,932	\$86	45.8%	\$15,719	\$68	42.1%	\$17,245	\$72	43.5%	\$22,584	\$85	45.2%
NON-OPERATING INCOME AND EXPENSES												
Property and Other Taxes (Exp)	\$896	\$4	2.0%	\$955	\$4	2.6%	\$1,557	\$6	3.9%	\$1,988	\$7	4.0%
Insurance (Exp)	\$541	\$2	12%	\$431	\$2	12%	\$379	\$2	10%	\$526	\$2	11%
Total Non-Operating Income and Expenses	\$1,437	\$6	3.1%	\$1,385	\$6	3.7%	\$1,936	\$8	4.9%	\$2,514	\$9	5.0%
EBITDA	\$19,495	\$81	42.7%	\$14,334	\$62	38.4%	\$15,308	\$64	38.7%	\$20,070	\$75	40.1%
Replacement Reserve	\$1,828	\$8	4.0%	\$1,492	\$6	4.0%	\$1,584	\$7	4.0%	\$2,000	\$7	4.0%
EBITDA after Replacement Reserve	\$17,667	\$73	38.7%	\$12,841	\$55	34.4%	\$13,724	\$57	34.7%	\$18,070	\$68	36.1%

Source: CBRE Hotels

NOTE: Management Fees and Reserve for Asset Replacement percentages for Comparative Hotels are notional for comparative purposes only.

Source: CBRE Hotels

PROJECTED OPERATING PERFORMANCE SUMMARY

Based on the assessment within this report, a projection of operating results has been prepared for the potential hotel development as a 110-room, branded Limited Service property. The projections assume an opening date of January 1, 2028. The Uniform System of Accounts for Hotels, recommended by the American Hotel and Lodging Association, has been used to classify income and expenses in this report. In conformity with this system, only direct operating expenses are charged to operating departments of the hotel. General overhead items, which are applicable to operations as a whole, are classified as undistributed and include administrative and general expenses, marketing, property operations and maintenance, and energy costs.

Expenses have been projected with consideration given to the level of fixed versus variable costs in each department. Fixed costs are those that are not normally affected by changes in occupancy levels or sales volumes, such as property taxes, certain administrative payroll positions, or fixed internet and phone plans. Variable expenses, however, are tied directly to occupancy levels and sales volumes and include items such as the cost of housekeeping supplies or food and beverage purchases.

Figure 12 – Projected Operating Performance

The subject property projected operating performance is summarized as follows and includes typical industry underwriting deductions for a Management Fee and Reserve for Asset Replacement.

January 2028											
	Year 1		Year 2		Year 3		Year 4		Year 5		
	2028	2029	2029	2030	2030	2031	2031	2032	2032		
Period											
No. of Rooms	110	110	110	110	110	110	110	110	110		
Occupancy	63.4%	-	64.8%	14	67.2%	24	69.6%	2.4	69.4%	-0.2	
Average Daily Rate	\$75.26		\$78.77	20%	\$82.35	20%	\$86.01	2.0%	\$89.73	2.0%	
RevPAR	\$111.06	-	\$115.86	4.3%	\$123.50	5.7%	\$129.49	5.7%	\$131.72	1.7%	
Available Rooms	40260	-	40150	-0.3%	40150	0.0%	40150	0.0%	40260	0.3%	
Occupied Rooms	25,511	-	26,022	2.0%	26,972	3.7%	27,949	3.6%	27,949	0.0%	
OPERATING REVENUE											
Rooms	\$4,471,158	\$4,651,793	\$4,918,287	\$5,198,877	\$5,302,854	\$5,394,733	\$5,502,628	\$5,502,854	\$5,302,854	96.4%	
Other Operated Departments	\$76,534	\$3,000	\$80,981	\$83,499	\$85,169	\$83,499	\$85,169	\$85,169	\$85,169	15%	
Miscellaneous Income	\$102,045	\$4,000	\$108,580	\$112,357	\$114,804	\$112,357	\$114,804	\$114,804	\$114,804	21%	
Total Operating Revenue	\$4,649,738	\$4,855,245	\$5,107,848	\$5,394,733	\$5,502,628	\$5,394,733	\$5,502,628	\$5,502,628	\$5,502,628	100.0%	
DEPARTMENTAL EXPENSES											
Rooms	\$184,413	\$46,643	\$127,259	\$128,124	\$127,438	\$128,124	\$128,124	\$128,124	\$128,124	25.5%	
Other Operated Departments	\$38,267	\$150	\$40,490	\$47,149	\$42,584	\$47,149	\$42,584	\$42,584	\$42,584	50.0%	
Total Departmental Expenses	\$1,222,680	\$1,261,865	\$1,314,858	\$1,369,873	\$1,314,858	\$1,369,873	\$1,369,873	\$1,369,873	\$1,369,873	25.4%	
TOTAL DEPARTMENTAL PROFIT	\$3,427,057	\$3,573,380	\$3,792,990	\$4,024,860	\$4,187,770	\$4,024,860	\$4,135,755	\$4,135,755	\$4,135,755	74.6%	
UNDISTRIBUTED EXPENSES											
Administration and General	\$361,995	\$3,291	\$380,887	\$391,321	\$380,887	\$391,321	\$391,321	\$391,321	\$391,321	7.3%	
Information and Telecommunications Systems	\$69,746	\$634	\$73,386	\$75,396	\$73,386	\$75,396	\$75,396	\$75,396	\$75,396	1.4%	
Sales and Marketing	\$88,000	\$800	\$92,593	\$95,129	\$92,593	\$95,129	\$95,129	\$95,129	\$95,129	1.8%	
Franchise Fees	\$402,404	\$3,658	\$442,646	\$467,899	\$442,646	\$467,899	\$467,899	\$467,899	\$467,899	9.0%	
Property Operations and Maintenance	\$229,952	\$2,090	\$240,596	\$246,297	\$240,596	\$246,297	\$246,297	\$246,297	\$246,297	4.6%	
Utilities	\$165,000	\$1,500	\$172,637	\$176,728	\$172,637	\$176,728	\$176,728	\$176,728	\$176,728	3.3%	
Total Undistributed Expenses	\$1,317,097	\$1,354,574	\$1,402,744	\$1,452,771	\$1,402,744	\$1,452,771	\$1,452,771	\$1,452,771	\$1,452,771	26.9%	
GROSS OPERATING PROFIT	\$2,109,960	\$2,218,805	\$2,390,246	\$2,572,089	\$2,785,024	\$2,572,089	\$2,785,024	\$2,785,024	\$2,785,024	47.7%	
Management Fees	\$139,492	\$1,268	\$153,235	\$161,842	\$153,235	\$161,842	\$161,842	\$161,842	\$161,842	3.0%	
INCOME BEFORE NON-OPERATING INCOME AND EXPENSE	\$1,970,468	\$17,913	\$2,237,010	\$2,410,247	\$2,631,789	\$2,410,247	\$2,631,789	\$2,631,789	\$2,631,789	44.7%	
NON-OPERATING INCOME AND EXPENSES											
Property and Other Taxes	\$121,000	\$1,100	\$125,888	\$128,406	\$125,888	\$128,406	\$128,406	\$128,406	\$128,406	2.4%	
Insurance	\$63,250	\$575	\$65,805	\$67,121	\$65,805	\$67,121	\$67,121	\$67,121	\$67,121	1.2%	
Total Non-Operating Income and Expenses	\$184,250	\$1,675	\$191,694	\$195,528	\$191,694	\$195,528	\$195,528	\$195,528	\$195,528	3.6%	
EBITDA	\$1,786,218	\$16,238	\$2,045,317	\$2,214,720	\$2,426,483	\$2,214,720	\$2,426,483	\$2,426,483	\$2,426,483	41.1%	
Replacement Reserve	\$185,990	\$1,691	\$204,314	\$215,789	\$185,990	\$215,789	\$215,789	\$215,789	\$215,789	4.0%	
EBITDA after Replacement Reserve	\$1,600,229	\$14,548	\$1,841,003	\$1,998,930	\$2,240,493	\$1,998,930	\$2,210,694	\$2,210,694	\$2,210,694	37.1%	

Source: CBRE Hotels

1.4 | Considerations and Implications

While the District is expected to have sufficient demand to support a new 110-room limited-service hotel, the project's performance, though projected to exceed market averages, must be weighed against escalating construction costs, which have risen to levels challenging for most tertiary markets.

1.4.1 | Investment Analysis

The purpose and authorized use of this report is to determine the level of market and economic support for a potential hotel development in Lake Country, British Columbia. At any given time, the hotel investment community is exposed to a wide range of projects and there are **several key criteria they consider when determining how/where to invest their funds, the most important of which are:**

- **Return on Investment:** Investors require a higher rate of return on hospitality property as compared to more traditional real estate investments. Our experience in the industry indicates that typical hotel investors expect a return on investment in the range of 10% to 15% depending on the location, quality and type of asset. This is far higher than what is characteristic of other real estate classes.
- **Availability and Likelihood of Financing:** Typically for construction financing on new build assets, lenders will finance on the lower of capital cost or estimated market value ~ which directly impacts the level of equity required to move a project forward. In the most ideal situation, capital cost and estimated market value are equal.
- **Liquidity/Exit Strategy:** Both lenders and developers consider the ultimate exit strategy when evaluating a hotel investment opportunity.

In recent years, **construction costs for hotels of this size and scope have increased significantly and are currently in the range of a minimum of \$200,000 per room exclusive of land.** The per unit costs would include the cost of fixtures, furniture and equipment; as well as typical soft costs associated with hotel development such as architectural and engineering fees, legal fees, management costs, etc. As such, a 110-room property such as the potential subject hotel in Lake Country would require a **minimum capital investment of approximately \$23 million before land.**

In general, for this type of hotel and market an investor would have a **minimum overall return expectation (ROI) in the range of 9.0% to 11.0% against the total investment.** Based on the cashflow projections presented on the previous pages, the level of **Supportable Investment for the potential hotel would be in the range of \$21.0 million.** Typically, lenders would provide financing on the lower of the Supportable Investment or the capital cost with any gap between the cost and the value requiring a higher equity contribution from the investor.

The following chart considers the investment opportunity for the potential hotel assuming the most favourable conditions.

Figure 13 – Potential 110 Room Hotel ROI

CBRE projects that a new hotel in Lake Country could achieve an ROI of nearly 8% by Year 3 of operations.

Financial Consideration	Value
Capital Cost ¹	\$23.0 million
Supportable Investment ²	\$21.0 million
Financing ³	\$12.6 million
Equity Investment Required ⁴	\$10.4 million
Year 3 Operating Income	\$1,800,000
Return on Investment (Year 3) ⁵	7.83%

Source: CBRE Hotels

¹ Estimate.

² Estimate based on cashflow.

³ Financing at 60% LTV

⁴ Capital costs less debt financing

⁵ Year 3 Operating Income as a percentage of total investment/capital cost

- Based on the analysis above, the **return on investment in Year 3 would be in the range of 7.80%, which is below the low end of the minimum range expectation.** There is also a gap between the estimated supportable investment and the capital cost which would require a greater level of equity investment, limiting the number of investors willing to consider the project.
- The **cost of land is not considered in the above analysis** and any changes in market conditions, constructions costs, or financing costs could continue to have an impact on the viability of the proposed project.
- While the above noted metrics are not ideal for most developers/investors, **there may be a scenario whereby a local/regional hotel owner may be able to work with these investment parameters** by leveraging the scale of their existing portfolio as well as their relationships with construction companies and/or lenders.

1.4.2 | Implications

- Lake Country, while strategically located at the immediate boundary of the city of Kelowna, is a **small market and considered tertiary with respect to investment considerations.**
- A **potential hotel in Lake Country is projected to attract all demand sources** to achieve a level of occupancy above market, however, the projected market occupancy at the 60% range is generally below the minimum threshold that supports new supply. While there are always exceptions, generally speaking, a healthy accommodation market that supports new supply is in the range of 70% occupancy.

- The average daily rate a hotel can achieve is as important a metric as its occupancy. In this case, the **competitive market ADR in the range of \$170+ over the projection period**, falls below both the national and provincial averages.
- Overall, while a **potential limited service hotel is projected to achieve better than market performance**, its **metrics are set against ever-increasing construction costs** which have elevated to a level that is difficult to support for most tertiary markets.
- Given that the projections for a **proposed hotel suggest occupancy up to 70% by Year 4 of operation at market rates and stabilized profitability in the range of 36%** (which are all healthy metrics and in line with typical operating norms for similar properties,) it is believed there is **sufficient demand for a new hotel in the subject market**. However, **average daily rate is believed to be a limiting factor, in addition to the cost of construction and land acquisition**.

DEVELOPMENT CONSIDERATIONS

CBRE has considered potential mechanisms that could be implemented by the District of Lake Country that could help to address the capital cost burden of development or enhance the cashflow of the potential hotel operation and assist in motivating developers to invest in hotel development, including:

- **Property tax relief:** Designed to provide tax relief to a portion of the property tax burden. It is our understanding that the District offers a property tax incentive that includes an abatement of the municipal portion of property taxes for a ten year period for a proposed hotel. Information regarding the tax incentive program can be found on the district's website: <https://www.lakecountry.bc.ca/government/bylaws/main-street-tax-revitalization-bylaw-853-2013>. In the above noted analysis, this property tax relief is estimated to equate to approximately \$1 million in value, thereby increasing the estimated ROI to approximately 8.25%.
- **Development Cost Charge Relief:** Program that helps to reduce the development charges on a project via a municipal rebate of a portion of, or all of, the development charges. Deferred development charges can reduce the carrying costs throughout the permitting and construction phase and result in a lower cost of financing for a project.
- **Capital Cost Sharing:** If an investment shortfall cannot be addressed through property tax and/or development cost charges abatement, consideration could be made toward capital cost sharing. This is generally by way of gifting land, however, could also include a capital contribution to site work or an extraordinary aspect of the construction cost (ie. underground parking, if applicable).

2 | Retail Analysis

2.1 | Introduction

This chapter provides a summary of CBRE’s assessment of retail supply and demand within the District, quantifying subcategory-specific gaps and identifying likely spending leakage currently occurring. The objective is to highlight current and near-term retail development opportunities through the analysis of a broad range of quantitative datasets.

2.1.1 | Overview

The retail component of this report builds on the findings from CBRE’s recent Land Capacity Analysis for the District by providing a more detailed assessment of supply and demand. This includes quantifying subcategory-specific gaps and spending leakage currently occurring in the District and projected over the next five years. It also outlines the implications for current and near-term retail development opportunities. The analysis presented on the following pages includes:

- **Retail Market Trends and Local Performance Analysis**
- **Retail Inventory Analysis**
- **Retail Demand and Spending Leakage Analysis**
- **Retail Gap Analysis and Development Implications**

2.1.2 | Methodology

CBRE’s retail demand model calculates sales potential generated by trade area markets by projecting current and future disposable income levels and reducing this figure by a locale-specific retail sales to income ratio that factors in the reality that not all disposable income is spent on retail goods. Sales capture rates are then applied based on the competitive retail environment and physical and psychological barriers that impact accessibility. The resulting expenditures are converted into supportable retail floor space using sales productivity thresholds necessary to warrant desired lease rates. This provides a clear understanding of the supportable, category-specific floorspace currently achievable within the District, and future demand over the next 5 years based on population growth.

Figure 14 – Retail Demand Modelling Methodology

Supportable and recommended retail floorspace is calculated based on trade area dynamics, socioeconomic variables, and benchmarks localized to the District of Lake Country.



Source: CBRE Development Strategy & Consulting Group

2.2 | Retail Market Trends

Lake Country's retail market is anchored by daily-needs tenants such as groceries and food services, supported by population growth and shifting consumer trends. Despite this supply, gaps in discretionary categories continue to drive spending leakage to Kelowna, pointing to opportunities for selective expansion of lifestyle- and experience-oriented retailers.

2.2.1 | Provincial Retail Sales Trends

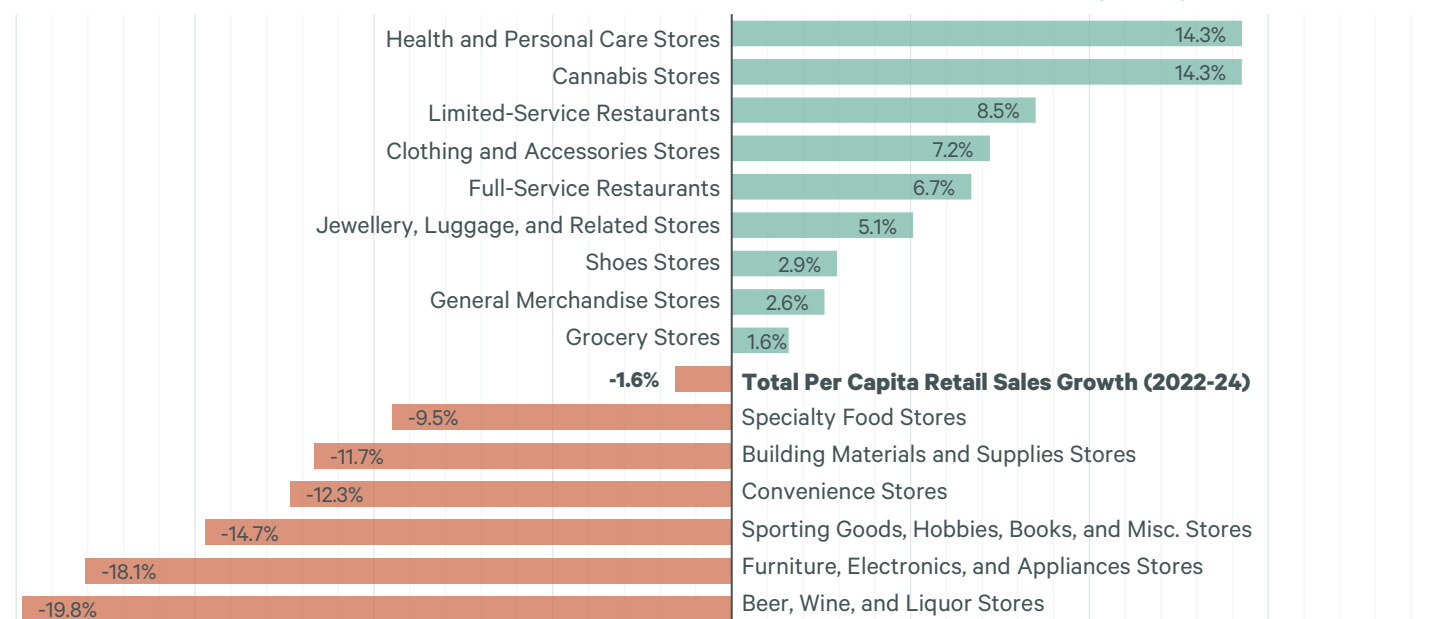
Before evaluating local market dynamics and projecting future demand, it is important to understand broader retail trends across British Columbia, as these will shape Lake Country's retail environment. As shown in Figure 15, inflation-adjusted per capita retail sales in B.C. declined by 1.6% between 2022 and 2024. This trend reflects high interest rates, inflationary pressures, and evolving post-pandemic spending habits.

Convenience-oriented and experience-based retail segments have shown resilience. Between 2022 and 2024, health and personal care stores (+14.3%) and cannabis retailers (+14.3%) led growth, followed by limited-service restaurants (+8.5%), clothing and accessories (+7.2%), and full-service restaurants (+6.7%). These gains highlight consumer preferences for essential goods and experiential services. In contrast, discretionary categories such as electronics and appliances have seen declining sales due to tighter household budgets and e-commerce competition.

Despite these challenges, CBRE finds that Lake Country is well positioned to support modest, localized retail growth. Large-format and destination retail will remain concentrated in Kelowna. However, Lake Country's growing population and shifting demographics are expected to drive demand for small-scale, convenience-oriented commercial uses, particularly when integrated near residential areas.

Figure 15 – Per Capita Provincial Retail Sales Growth (2022 – 2024)

Per capita retail sales are increasing across several retail categories. Categories well-suited to the Lake Country Market, such as health and personal care, limited-service restaurants, and full-service restaurants, are showing strong performance.



Source: Statistics Canada (2025)

2.2.2 | Local Retail Market Trends

Lake Country's retail market, although relatively small, is performing above expectations for a community of its size. Vacancy rates remain low, and tenant turnover is minimal, supported by steady population growth and limited local competition. Grocery-anchored centres are showing strong results. The Save-On-Foods location, for example, is estimated to generate grocery sales of approximately \$750 per square foot, which is above the national benchmark of \$650. Inline tenants in these centres are also performing strongly, with average sales of \$435 per square foot, exceeding the Metro Vancouver average of \$395.

Several national and regional retailers now view Lake Country as an underserved market. Dollarama's location ranks in the top national quartile, indicating potential for another similar value-oriented retailer. Large-format discount grocers such as No Frills and FreshCo have reportedly been exploring opportunities as well, reflecting continued spending leakage to nearby Kelowna. As Lake Country attracts a broader demographic mix, including young families, remote workers, and retirees, the area is becoming increasingly appealing to lifestyle and service-based tenants seeking long-term local presence.

Tourism adds another layer of opportunity. Lake Country's location between Kelowna and Vernon, along with its lakeside setting and proximity to vineyards, positions it as a high-visibility corridor for Okanagan visitors. While current retail offerings are focused on essential services, there is untapped potential to expand into tourism-supportive formats such as boutiques, artisanal food and beverage, and recreational retail. These additions could enhance placemaking and contribute to a stronger local economy.

2.2.3 | Retail Demand Implications

Lake Country's recent and anticipated population growth and shifting consumer patterns are expected to require additional retail supply in the coming years. The District should prioritize the evolution of neighbourhood-scale commercial nodes, particularly in Winfield as it is already supported by existing infrastructure, road networks, and growing residential catchments. Embedding additional retail offerings in this area will promote more complete, walkable streets and help reduce the reliance on Kelowna and Vernon for day-to-day needs. Beyond supporting traditional local-serving convenience and lifestyle retail, the District appears well-positioned to encourage cafés, tasting rooms, boutique retailers, and agri-food shops that align with Lake Country's rural character and growing recreational appeal. Strategic infill on underutilized or vacant sites, especially those with scenic attributes or strong visibility, could help catalyze these uses while enhancing key corridors and destination appeal.

The strong performance of 'daily needs' retailers within the District, such as Save-On-Foods which has consistently outperformed market averages in recent years, highlights the overall strength of the retail market and suggests opportunities for additional supply.



2.3 | Retail Inventory Analysis

Lake Country's retail inventory is heavily weighted toward daily-needs categories such as groceries, food services, and commercial services, leaving gaps in discretionary and large-format retail. At ~17.5 square feet per capita, supply generally aligns with suburban norms but continues to result in significant spending leakage to Kelowna.

2.3.1 | Existing Retail Inventory

To estimate the current inventory of retail floorspace in the District, CBRE reviewed business license data, validated findings through fieldwork, and refined the dataset using GIS to quantify tenant-specific floor areas (not including motor vehicle dealers). This process indicates approximately 317,000 sf of gross retail floor area (about 17.5 square feet per capita) with a 6% vacancy rate, consistent with a balanced market.

The inventory is anchored by food services (grocery, restaurants, cafés), pharmacies, and other daily-needs tenants. This structure ensures most household and convenience needs are met locally, but discretionary and large-format categories remain limited, with residents continuing to travel to Kelowna for electronics, apparel, home improvement, and general merchandise.

Lake Country's role within the Central Okanagan is as a community-oriented market, serving a fast-growing population projected to reach ~20,000 by 2030. Seasonal tourism and rural catchments further expand demand, particularly for restaurants, liquor stores, and specialty food. At the same time, the District's per capita supply, while in line with suburban benchmarks, is skewed toward necessity-based retail rather than destination shopping, which implies ongoing leakage in discretionary categories.

Figure 16 – District of Lake Country Retail Inventory

CBRE estimates that the District of Lake Country currently has an inventory of approximately 317,000 SF of retail floorspace.

Retail Subcategory	Tenant Count	Estimated GFA	Estimated % of GFA
Grocery Stores	2	36,000 SF	11.4%
Full-Service Restaurants	12	30,000 SF	9.5%
Limited-Service Restaurants	15	23,000 SF	7.3%
Pharmacies	3	23,000 SF	7.3%
Commercial Banking	6	21,000 SF	6.6%
Health Services	11	21,000 SF	6.6%
Vacant	10	18,000 SF	5.7%
Liquor Stores	4	18,000 SF	5.7%
Personal Services	12	17,000 SF	5.4%
Cafés	6	15,000 SF	4.7%
Professional Services	7	13,000 SF	4.1%
Dollar Stores	2	12,000 SF	3.8%
Specialty Food Stores	4	11,000 SF	3.5%
Fitness Services	6	11,000 SF	3.5%
Convenience Stores	7	10,000 SF	3.2%
Building Materials Stores	2	10,000 SF	3.2%
Pet Stores	4	7,000 SF	2.2%
General Stores	2	6,000 SF	1.9%
Miscellaneous Retailers	2	4,000 SF	1.3%
Clothing Stores	3	4,000 SF	1.3%
Cannabis Stores	1	3,000 SF	0.9%
Sporting Goods Stores	1	3,000 SF	0.9%
Vape Stores	1	1,000 SF	0.3%
Total	123	317,000 SF	100%

Source: CBRE (2025)

Figure 17 – Winfield Retail Inventory Map (2025)

Winfield has the vast majority of the District's retail floor area, with approximately 95% of total supply. Activity is concentrated to the south within the Town Centre area, and to the north within and adjacent to Turtle Bay Crossing.



Source: CBRE (2025)

2.3.2 | Upcoming Retail Supply

CBRE has reviewed rezoning, development permit, and building permit data and consulted with District staff to estimate the amount of retail floorspace currently under construction, confirmed for short-to-medium-term development, and planned for completion by 2051. Based on this assessment, the District is expected to add approximately 10,000 to 20,000 square feet of retail floor area in the near term, primarily near the intersection of Woodsdale Road and Bottom Wood Lake Road. An additional 60,000 to 70,000 square feet is planned and anticipated to be delivered by 2051, resulting in a total projected increase of 70,000 to 90,000 square feet of supply.

2.3.3 | Retail Demand Implications

The market review indicates that Lake Country's retail supply is proportionate to its population size, with roughly 317,000 square feet (17.5 sf per capita) in active use and a vacancy rate of about 6%, a level that reflects a healthy balance between supply and demand. The tenant mix is dominated by everyday goods and services such as supermarkets, restaurants, cafés, and personal care, while categories like apparel, electronics, and other large-format formats are limited. This profile ensures residents can access core amenities locally but also confirms that a significant share of discretionary purchases continues to flow to Kelowna.

Looking ahead, steady population growth and rising household spending, along with strong performance from existing anchors, point to opportunities for selective new development. The greatest potential appears to be in expanding food and beverage offerings, strengthening personal and health-related services, and adding lifestyle or tourism-oriented retail that builds on Lake Country's character and visitor economy.

The following section advances this analysis by quantifying current leakage, identifying unmet demand by retail category, and projecting how much future expenditures to 2030 could realistically be captured within the District. These findings provide a framework for determining the appropriate scale and format of new retail supply while aligning with community planning objectives and economic development objectives.

Despite strong residential spending potential and additional seasonal tourism demand, the District's supply of full-service restaurants is limited compared to other tertiary municipalities with established tourism, underscoring a potential gap in this retail subcategory.



2.4 | Retail Demand and Gap Analysis

Lake Country's retail market is supported by strong population growth, tourism inflow, and expenditure potential projected to reach nearly \$400 million annually by 2030. While daily-needs are well served, \$15 to \$31 million may be currently leaking out of the community, rising to as much as \$48 million by 2030, particularly in grocery, restaurants, and health & personal care.

2.4.1 | Current and Forecasted Retail Spending Potential

As of July 2025, Lake Country's population was estimated at 18,110, as outlined in the recently completed Land Capacity Analysis. Based on CBRE's demand modelling, this base, combined with seasonal tourism inflow, is expected to generate roughly \$358 million in total annual retail expenditure potential, with strong tourism-related contributions in categories such as restaurants and drinking establishments.

Spending is concentrated in daily-needs categories, including grocery stores (\$76.4M) and restaurants/food services (\$82.2M). This reflects the strength of existing neighbourhood-serving tenants and highlights opportunities for additional food, beverage, and health-related operators. However, significant outflow continues to Kelowna in discretionary and large-format categories such as electronics, general merchandise, apparel, and discount retail.

By 2030, the population is projected to near 20,000, with expenditure potential increasing by about \$37 million to reach up to nearly \$400 million annually. On the following pages, CBRE examines how much of this demand could realistically be captured within Lake Country and quantifies current leakage and category-specific gaps.

Figure 18 – Current and Forecasted Retail Spending Potential

The District of Lake Country has the potential to generate approximately \$358 million in annual retail expenditures, a portion of which is currently being retained within the community, as detailed in the following pages.

Retail Subcategory	2025 Estimate	2030 Forecast	2025-2030 Growth
Building, Garden, & Home Supplies	\$6,400,000	\$7,000,000	\$600,000
Grocery, Convenience, & Specialty Food Stores	\$76,400,000	\$84,300,000	\$7,900,000
Beer, Wine, Liquor, Cannabis, & Tobacco Products	\$35,100,000	\$38,800,000	\$3,700,000
Furniture and Furnishings	\$22,700,000	\$25,100,000	\$2,400,000
Electronics and Appliances	\$25,100,000	\$27,700,000	\$2,600,000
General Merchandise	\$9,900,000	\$11,000,000	\$1,100,000
Health and Personal Care	\$37,200,000	\$41,100,000	\$3,900,000
Clothing and Accessories	\$41,300,000	\$45,600,000	\$4,300,000
Sporting Goods, Hobbies, and Books	\$9,900,000	\$11,000,000	\$1,100,000
Miscellaneous Retail	\$12,100,000	\$13,400,000	\$1,300,000
Restaurants and Drinking Establishments	\$82,200,000	\$90,800,000	\$8,600,000
Total Spending Potential	\$358,300,000	\$395,800,000	\$37,500,000

Source: CBRE (2025)

2.4.2 | Current Spending Leakage and Retail Opportunity Assessment (2025)

CBRE estimated current retail spending leakage by first deriving a reasonable range of sales per square foot targets for each retail category. These benchmarks reflect what retailers need to achieve in order to cover costs and achieve a healthy margin given current lease rates in Lake Country. Multiplying these sales targets by the known inventory of tenants provides an estimate of the sales currently being generated within the District. CBRE then compared, category by category, the existing captured sales to the total annual spending potential identified. The difference represents spending that is leaking out of Lake Country, either to Kelowna or to online/other markets. Finally, CBRE assessed how much of that leakage could realistically be recaptured locally through new development, acknowledging that some spending will continue to gravitate toward Kelowna's regional shopping destinations.

Figure 19 – Current Spending Leakage and Retail Opportunity Assessment (2025)

Lake Country shows an estimated \$15 to \$31 million in retail spending leakage, equivalent to 24,000 to 54,000 square feet of potential new floorspace, primarily in food services, health and personal care, and select specialty categories.

Retail Subcategory	Estimated Leakage (Low)	Estimated Leakage (High)	Opportunity (Low)	Opportunity (High)
Building, Garden, & Home Supplies	\$380,000	\$700,000	2,000 SF	3,000 SF
Grocery, Convenience, & Specialty Food Stores	\$5,485,000	\$9,305,000	7,000 SF	12,000 SF
Beer, Wine, Liquor, Cannabis, & Tobacco Products	\$815,000	\$2,570,000	1,000 SF	3,000 SF
Furniture and Furnishings	\$1,135,000	\$2,270,000	2,000 SF	5,000 SF
Electronics and Appliances	\$1,255,000	\$2,510,000	2,000 SF	5,000 SF
General Merchandise	\$78,000	\$375,000	0 SF	1,000 SF
Health and Personal Care	\$4,495,000	\$6,355,000	6,000 SF	8,000 SF
Clothing and Accessories	\$378,000	\$997,500	1,000 SF	2,000 SF
Sporting Goods, Hobbies, and Books	\$435,000	\$930,000	1,000 SF	3,000 SF
Miscellaneous Retail	\$270,000	\$875,000	1,000 SF	4,000 SF
Restaurants and Drinking Establishments	\$240,000	\$3,939,000	1,000 SF	8,000 SF
Total Spending Potential	\$14,966,000	\$30,826,500	24,000 SF	54,000 SF

Source: CBRE (2025)

- **Overall Market:** Current analysis indicates that approximately \$14.9 to \$30.8 million in annual retail spending may be leaking out of the community that could realistically be captured within. If appropriately tenanted and positioned, new supply could capture a share of this leakage, translating into support for 24,000 to 54,000 square feet of additional space. To ensure strong sales performance and minimize tenant turnover, targeting the lower end of this range is recommended.
- **Groceries and Food Services:** While local capture is strong, \$5.4 to \$9.3 million in estimated leakage remains within grocery and food service categories. This points to opportunities for targeted expansion, such as specialty grocers, fresh/ethnic markets, and convenience formats. The analysis suggests that while major grocery anchors are already relatively well represented, niche offerings could better serve the growing diversity of households and tourism-related demand, particularly during peak summer months when population inflows temporarily increase.

- **Restaurants (Full Service and Limited Service):** Restaurant categories show up to around \$3.7 million in unmet demand, supporting the addition of a small number of full-service concepts and cafés to diversify the existing dining offer. Lake Country's dining base remains limited compared to peer municipalities, and Figure 19 underscores the potential for new restaurants that cater not only to residents but also to visitors tied to agritourism, Okanagan wineries, and the Kelowna International Airport corridor. These additions would help reduce leakage while strengthening the District's position as a regional destination.
- **Health and Personal Care:** With around \$4.5 to \$6.4 million in estimated leakage, the market could support up to 8,000 square feet of additional pharmacies, clinics, wellness centres, dental/optical practices, and related services. This is consistent with observed population growth patterns, which highlight an aging demographic profile and an increasing share of young families, two groups that generate strong ongoing demand for healthcare and wellness services. Expanding this category locally would not only reduce the need for out-of-town trips but also reinforce Lake Country's role as a self-sufficient community.

2.4.3 | Forecasted Spending Leakage and Retail Opportunity Assessment (2030)

Below, CBRE analyzes how spending leakage and demand gaps are expected to expand as the population approaches or surpasses 20,000 over the next five years. These projections do not account for the additional supply identified in Section 2.3.2, recognizing that a portion of future demand may be absorbed by that new space.

By 2030, retail spending leakage is projected to rise to between \$30.1 and \$47.6 million, up from \$14.9 to \$30.8 million in 2025. This equates to 51,000 to 80,000 square feet of potential supportable new space. Despite this demand potential, it will be important to carefully monitor the absorption timelines of new supply to ensure the market does not become oversaturated if supply outpaces demand growth.

Figure 20 – Forecasted Spending Leakage and Retail Opportunity Assessment (2030)

By 2030, Lake Country is projected to experience \$30 to \$48 million in retail spending leakage, equivalent to 51,000 to 80,000 square feet of potential new space, with the recommendation to target the lower end of this range.

Retail Subcategory	Estimated Leakage (Low)	Estimated Leakage (High)	Opportunity (Low)	Opportunity (High)
Building, Garden, & Home Supplies	\$650,000	\$1,000,000	3,000 SF	4,000 SF
Grocery, Convenience, & Specialty Food Stores	\$10,620,000	\$14,835,000	14,000 SF	19,000 SF
Beer, Wine, Liquor, Cannabis, & Tobacco Products	\$3,220,000	\$5,160,000	3,000 SF	5,000 SF
Furniture and Furnishings	\$1,255,000	\$2,510,000	3,000 SF	5,000 SF
Electronics and Appliances	\$1,385,000	\$2,770,000	3,000 SF	5,000 SF
General Merchandise	\$320,000	\$650,000	1,000 SF	2,000 SF
Health and Personal Care	\$6,835,000	\$8,890,000	9,000 SF	11,000 SF
Clothing and Accessories	\$636,000	\$1,320,000	1,000 SF	3,000 SF
Sporting Goods, Hobbies, and Books	\$600,000	\$1,150,000	2,000 SF	3,000 SF
Miscellaneous Retail	\$855,000	\$1,525,000	4,000 SF	7,000 SF
Restaurants and Drinking Establishments	\$3,680,000	\$7,766,000	8,000 SF	16,000 SF
Total Spending Potential	\$30,056,000	\$47,576,000	51,000 SF	80,000 SF

Source: CBRE (2025)

2.5 | Considerations and Implications

Lake Country can support targeted retail growth, recommended in the range of 25,000 to 65,000 square feet by 2030, with the strongest opportunities in food, dining, and health services. Concentrating this expansion in mixed-use centres and near growing residential areas will reduce leakage to Kelowna and strengthen the District's commercial market.

2.5.1 | Retail Market and Demand Considerations

CBRE's retail analysis demonstrates that Lake Country's retail market is underpinned by strong local demand, steady population growth, and seasonal inflows from tourism. The District's existing inventory is largely neighbourhood-oriented, with strength in daily-needs categories such as grocery and food services.

Lake Country is projected to reach approximately 20,000 residents by 2030, supported by one of the highest growth rates in the Central Okanagan. This population base, combined with inflow from tourism and rural catchments, is expected to generate close to \$400 million in annual retail expenditure by 2030. Demand is concentrated in daily-needs categories, yet there remains unmet potential for new specialty food operators, dining options, and health-related services.

The retail offer in Lake Country remains limited compared to larger centres such as Kelowna, which continues to draw significant outflow in large-format and discretionary categories (e.g. electronics, apparel, general merchandise). While this leakage will persist due to the scale advantages of Kelowna, Lake Country is well-positioned to capture a larger share of everyday and tourism-related spending by selectively expanding its supply. The Land Capacity Analysis further highlights that retail and mixed-use parcels are available to accommodate this growth.

2.5.2 | Retail Demand and Spending Leakage Considerations

Current analysis indicates that between \$15–\$31 million in annual spending may be leaking from the District, sufficient to support 24,000 to 54,000 square feet of potential new supply. By 2030, this opportunity could increase to up to 66,000 square feet. These figures suggest scope for incremental, neighbourhood-scale expansion, rather than large-format centres. Expansion opportunities are most compelling in grocery and food services (\$5 to \$9M leakage), restaurants (up to ~\$4M), and health/personal care (up to \$7M). Future supply should emphasize smaller format tenants, specialty and experiential retail, and operators that complement the District's tourism draw.

2.5.3 | Implications & Recommendations

Given the current mismatch between construction costs and achievable revenues across most asset classes, including mixed-use projects with retail at grade, municipal tools such as streamlined approvals, infrastructure cost-sharing, and public realm investments could help attract development. Standalone retail uses may be more feasible in the near term and, if thoughtfully designed, can still contribute to a walkable Town Centre style environment through strong pedestrian connections to adjacent residential areas and high-quality landscaping and design.

From a land use perspective, incremental growth is achievable within existing capacity and supports broader economic development objectives. Near-term priorities should focus on strengthening daily-needs retail, expanding dining options, and introducing additional health and wellness services.

Appendix A | Limiting Conditions

1. CBRE Limited, through its appraiser (collectively, “CBRE”) has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the Canadian Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - a. Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - b. Existing improvements on the subject property conform to applicable local, provincial, and national federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - c. Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - d. Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - e. No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - f. There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - g. All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - h. The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.

- i.** The subject property and its use, management, and operation are in full compliance with all applicable federal, provincial, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - j.** The subject property is in full compliance with the Disabilities Act of the province. CBRE is not qualified to assess the subject property's compliance with the Province's Disabilities Act, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.
 - k.** All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.
 - l.** Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.
- 4.** CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and authorized user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
- 5.** CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
- 6.** All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
- 7.** Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
- 8.** The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the authorized user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, authorized user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.

- 9.** No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
- 10.** CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.
- 11.** Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
- 12.** The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
- 13.** The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
- 14.** The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
- 15.** The Report shall not be duplicated or provided to any unauthorized users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the authorized user and its attorneys, accountants, or advisors for the sole benefit of the authorized user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the authorized user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unauthorized user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unauthorized user.

Appendix B | Glossary of Terms

Supply: Available Room Nights (ARNs)

Available Rooms Nights refers to the total number of rooms at a property multiplied by the total number of nights the property is open during a given operating season. For example, a 25-room property open year-round (365 nights) would have 9,125 Available Room Nights.

Demand: Occupied Room Nights (ORNs)

Occupied Rooms Nights refers to the sum of the number of nights that each available unit was occupied at a given property during one operating season.

Occupancy Rate

Occupied Rooms refer to the total number of rooms occupied by transient, group and contract guests, without consideration to the number of guests in each room. Occupancy Rate is expressed as the percentage of rooms occupied out of the total rooms available at a property. The calculation is:

$$\text{Occupancy Rate (\%)} = (\text{Rooms Occupied} / \text{Rooms Available}) \times 100$$

Average Daily Rate (ADR)

Although room rates may vary seasonally, by market segment, or by room type within a property, most properties calculate an overall average daily rate (ADR). This rate reveals the average rate charged per occupied room and is calculated by dividing total rooms revenue for a period (usually one year), by the number of rooms occupied during that period. The calculation is as follows:

$$\text{ADR} = \text{Total Rooms Revenue} / \text{Rooms Occupied}$$

Rooms Revenue per Available Room (RevPAR)

RevPAR measures the rooms revenue yield a property achieves, relative to the rooms available in the property for a period of time (usually one year). The metric is influenced by 2 factors – occupancy and overall average daily rates (ADR). RevPAR can be used to compare rooms revenue results with prior period results or to compare actual to budgeted results. In addition, since the rooms revenue is scaled by the number of rooms at the property, it can be used as one comparison of the rooms revenue yield of a property to its competitors or comparable properties. The calculation is as follows:

$$\text{RevPAR} = \text{Total Rooms Revenue} / \text{Rooms Available}$$

Market Segmentation

Refers to the subdividing of a market into distinct subsets of users that behave in the same way or have similar needs. The hotel market segments most commonly used are Corporate, Meeting/Conference, Leisure, and Government/Other.

Thank you

For more information

KIRSTIN HALLETT, CANDIDATE MEMBER AIC

Vice President, CBRE Hotels
+1 778 372 1942
russell.whitehead@cbre.com

RUSSELL WHITEHEAD

Senior Vice President, Planning & Development Strategy
+1 604 653 5598
russell.whitehead@cbre.com

CBRE DEVELOPMENT STRATEGY & CONSULTING GROUP

1021 West Hastings Street, Suite 2500
Vancouver, BC V6E 0C3
Canada