



Hotel Development Opportunity
7+-acre Waterfront Site
Town of South Bruce Peninsula, ON

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The Opportunity



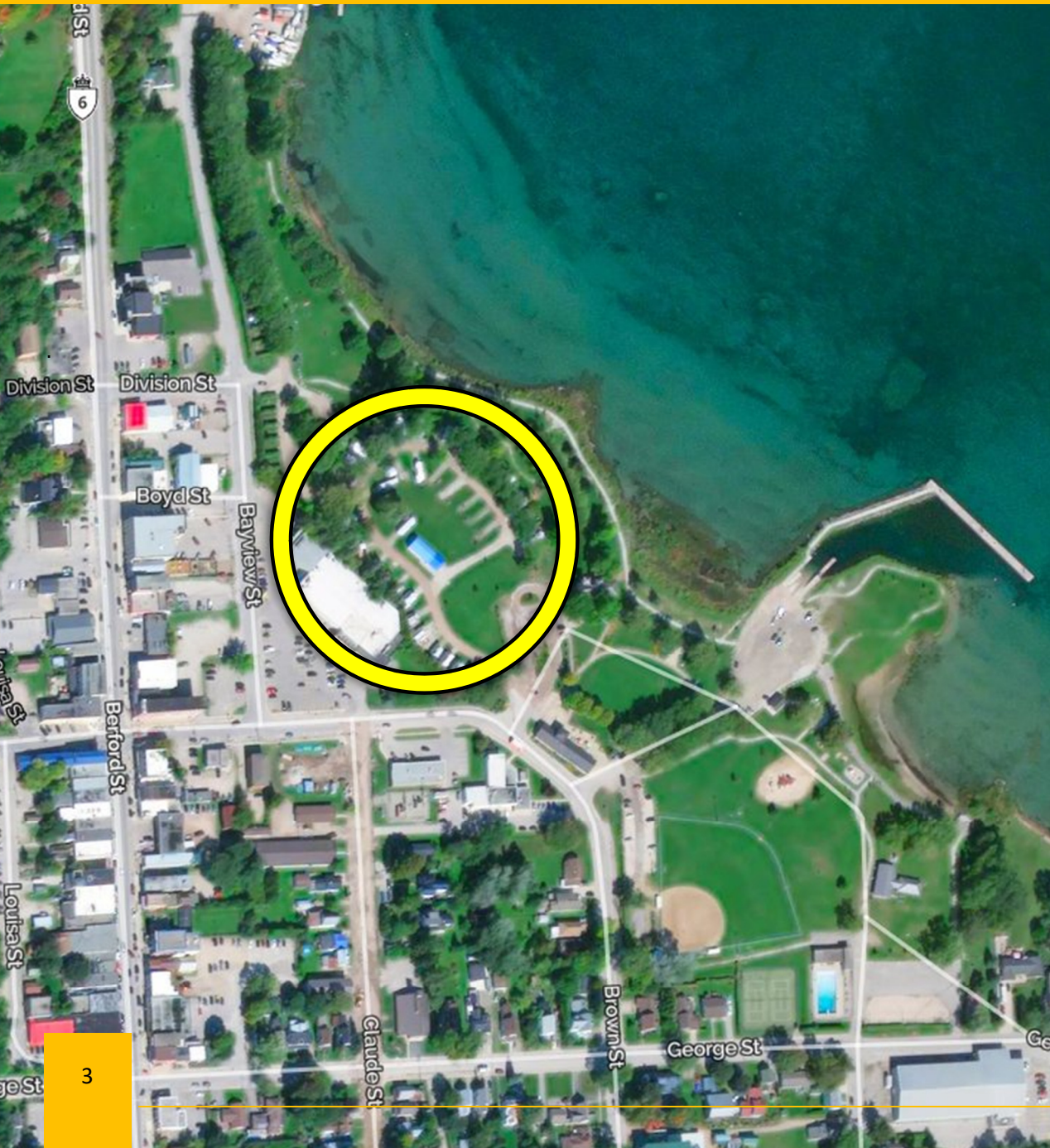
The Town of South Bruce Peninsula is pleased to present this unique opportunity to develop a resort hotel on a large waterfront parcel of land in downtown Wiarton, Ontario.

The subject site is situated directly on the waterfront, within the South Bruce Peninsula submarket. Proximity to leisure demand generators is excellent, as the site is centrally located at the southern tip of the Peninsula. There are over 2.5 million annual visitors to the region, generating roughly CD\$300 million per year in economic impact. Recreational activities enjoyed by tourists include visiting the area's national parks and beaches, boating/kayaking, scuba diving, cross-country skiing, hunting, hiking along the Bruce Trail, hockey, snowshoeing, rock climbing, and snowmobiling. Also, every February, Wiarton is host to the Wiarton Willie Festival, which attracts 10,000 people over a two-day period. Corporate demand also generates room nights for area hotels throughout the region. Notable contributors include area hospitals, agricultural and utilities industries, and traveling sales people. Destination group demand also emanates from the Greater Toronto Area (GTA).

Based on a review and analysis of the competitive trade area, as well as current and prospective hotel supply and demand trends, there is **market support** for an 80-unit, nationally-recognized soft branded upscale hotel such as *Marriott's Tribute Collection*. **Of note, there are currently no branded full-service hotels in the South Bruce Peninsula market area, making this a unique opportunity to fill a lodging void with no direct competition.**



Overview of Site



Pristine, 7+ acre waterfront site in a prime tourist destination



The hotel is one component of a larger mixed-use project with residential and retail



Potential to be the only branded, full-service hotel in the region



Excellent proximity to leisure demand generators and area amenities



Unique opportunity with the potential for a high return with professional management

Downtown Wiarton

Overview of Site



Colpoy's Bay

The subject site is located in Bluewater Park, along the picturesque Colpoy's Bay within the Town of South Bruce Peninsula and Wiarton, Ontario. The site has the potential to be comprised of two separate but adjacent parcels: a ~3-acre privately-owned site facing the town and a roughly 7-acre RV Campground parcel located directly along the waterfront. The town currently owns the RV Campground. The hotel is proposed as one component of a larger mixed-use project containing separate residential and retail spaces. Potential developers may choose to develop all of the project or just the hotel. Whatever the preference, the site parameters for the hotel will need to be reconciled with the developer of the other uses since all of the project uses are earmarked for the entire site.

Accessibility & Visibility

Access to the site is considered excellent, given its proximate location to ON-6/Berford Street, the area's main roadway, which provides access to all points throughout the Bruce Peninsula, as well as direct access to ON-10 to the south. In turn, ON-10 provides access to all areas throughout southern Ontario, including the GTA. The site will also have some visibility from ON-6.

Proximity to Area Amenities

There are various amenities within walking distance of the subject site including Dockside Willie's, Kgum Bo, The Green Door Café, Wiarton Inn & Restaurant, and New Orleans Pizza, to name a few. Additionally, within a 20 to 30-minute drive of the hotel site guests have easy access to an array of other amenities located in other small resort communities such as Sauble Beach, Lion's Head, and Tobermory.

Proximity to Demand Generators

The subject site is situated in a good location within the South Bruce Peninsula submarket. Proximity to leisure demand generators is considered excellent as the subject site is centrally located at the southern base of the Peninsula, and serves as the gateway to the Bruce Peninsula. The site is a 2.5 to 3-hour drive to the GTA, a primary source of leisure and group travel to the market area, and will attract a measure of corporate group demand, as well as regional leisure group such as weddings, reunions, hunting groups, sports groups, and social events.

The Bruce Peninsula



Offers an abundance of outdoor attractions and destinations

+2.5 million visitors per year

Steady population and residential growth within a developing market

Low barriers to entry, affordable destination

Unique communities throughout the Peninsula

Oliphant

Leisure Demand



Tourism plays a significant role in Bruce County's and South Bruce Peninsula's local economy, and area hotels accommodate leisure transient and group demand generated primarily by tourists visiting the many attractions, shopping destinations, and natural elements situated there.

Among one of the largest attractions in the immediate area is the 900 kilometer (8-day hike) Bruce Trail, which runs from Niagara Falls to Tobermory (with 160 kilometers situated on the Bruce Peninsula) as the map to the left illustrates. The trail is not only popular in the Summer, but also generates demand during the Fall and Spring seasons. Beyond that, outdoor activities are the driving force of leisure traffic to the Bruce Peninsula including boating, canoeing, fishing, hunting, hiking, cycling/multi-sport events, scuba diving, snowmobiling, lake hockey, and camping, to name a few. Other popular tourism activities include mountain biking, beach going, rock climbing, garden tours, dinner cruises on the Georgian Bay, visiting the expanding Bruce Peninsula National Park and Fathom Five National Marine Park, as well as caving at Greig's and Bruce Caves. Other key destinations include Tobermory and Flower Pot Island to the north, as well as Lion's Head to the east along the Georgian Bay and Sauble Beach, located along the Lake Huron waterfront to the west.



The Grotto



Flower Pot Island



Spry Lake



Sauble Beach



Lion's Head



Red Bay



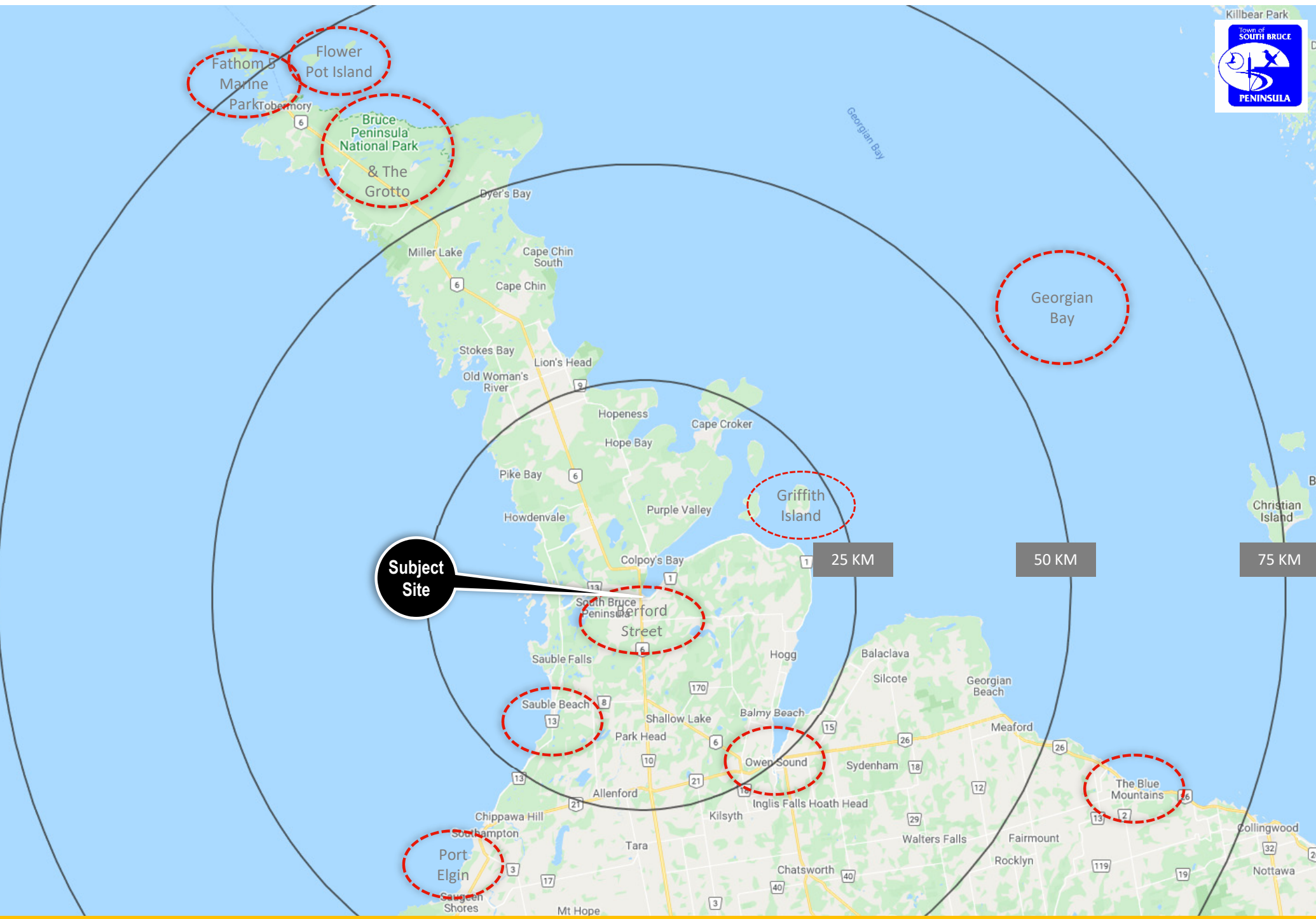
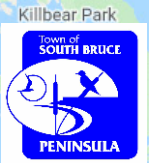
Downtown Wiarton



Sauble Falls



Georgian Bay



Prime Location Relative to Key Demand Generators & Amenities

Commercial Demand Generators



Grey and Bruce Counties have experienced steady growth over the past several years. Bruce County has a diversified and expanding economy, with growth occurring in most sectors, including residential, commercial, and recreational. The regional economy relies heavily on agriculture, energy supply, construction, healthcare, retail, and tourism.

Medical-related facilities generate room night demand for local area hotels from visiting family members, sales representatives, medical students, new hires having to relocate, and other industry-related meetings/trainings. Wiarton Hospital is located roughly two kilometers south of the subject site, and is a part of the larger Grey Bruce Health Services, the health system for this part of Ontario that supports five other hospitals in the region.

Just over 50 kilometers southwest of the subject site is the Bruce Power Nuclear Plant, which draws significant corporate demand to the market, and is currently undergoing a CD\$13 billion improvement and expansion plan, which is expected to spawn hotel demand for the greater region for the foreseeable future.

Numerous other firms operate in the broader area including Bellwyck Packaging, Caframo, Chubb Edwards, Hobarts, and Transcom, as well as several healthcare and manufacturing companies.



Competitive/Comparable Set



The vast majority of the current lodging inventory in the local South Bruce Peninsula market consists of small inns and bed and breakfasts (B&Bs) that close during the shoulder and off-peak months of the year.

As a result, in order to establish a comparable set of similar lodging inventory to that envisioned for the subject site, we expanded the relative trade area. In doing so, we identified eight hotels representing 925 rooms as being both competitive and comparable to a proposed resort hotel located along the Wiarton waterfront. Criteria for inclusion in the comparable/competitive set included location, quality, facilities, chain-affiliation, room rate structure, and/or market orientation; a list of these hotels is provided to the right.

The operating profile of these hotels is provided on the following page.



Ascend Collection The Champlain Waterfront
 •Orillia, ON
 •Upscale Class
 •53 Rooms



Holiday Inn Hotel & Conference Center Barrie
 •Barrie, ON
 •Upper Midscale Class
 •161 Rooms



Westin Trillium House Blue Mountain
 •Blue Mountains, ON
 •Upper Upscale Class
 •228 Rooms



Trademark Collection by Wyndham Georgian Bay
 •Collingwood, ON
 •Upper Midscale Class
 •94 Rooms



Best Western Inn On The Bay
 •Owen Sound, ON
 •Midscale Class
 •100 Rooms



Ascend Collection Insignia
 •Sarnia, ON
 •Upscale Class
 •83 Rooms



Ascend Collection Hidden Valley Resort
 •Huntsville, ON
 •Upscale Class
 •100 Rooms

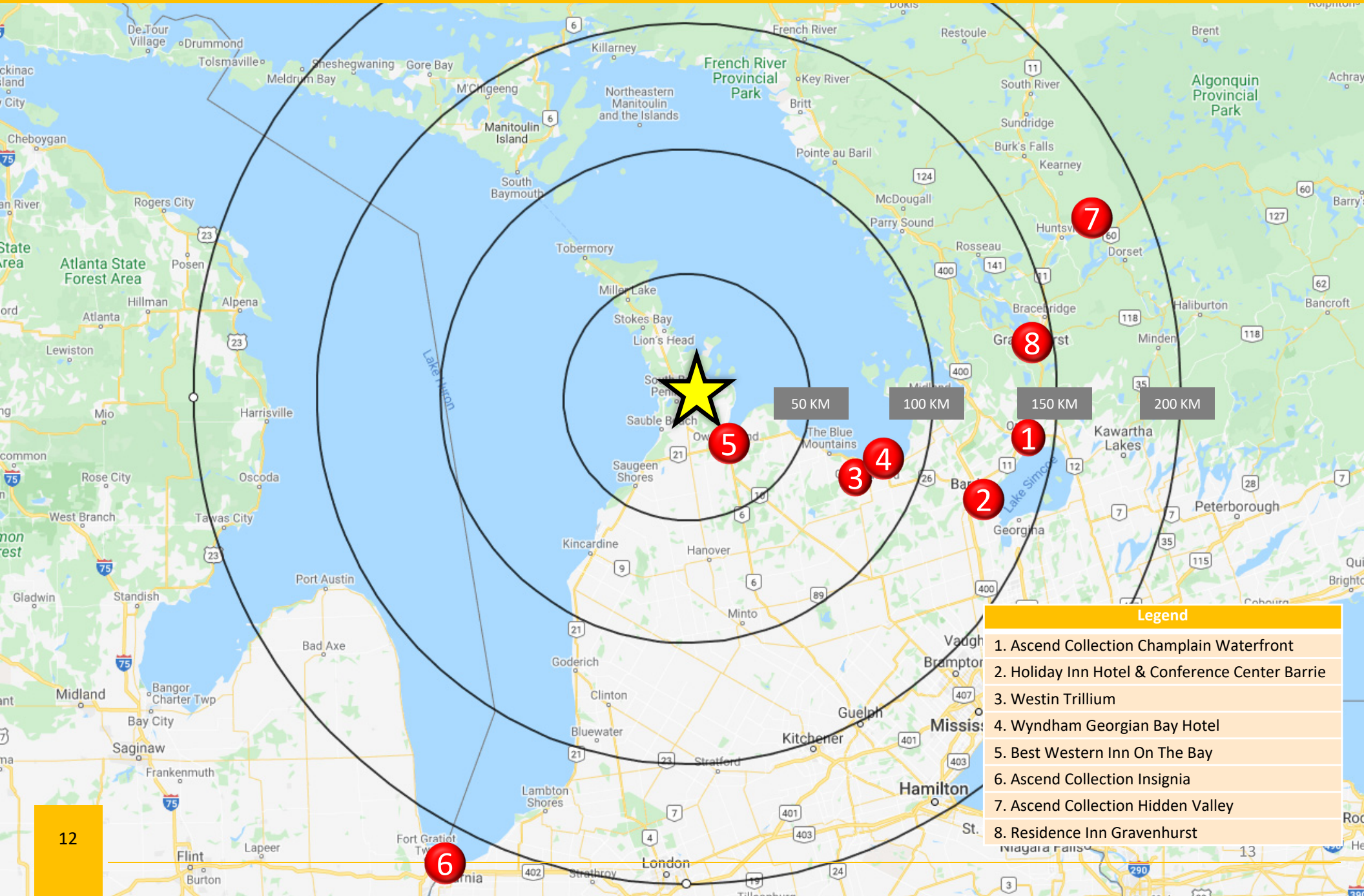


Residence Inn Gravenhurst Muskoka Wharf
 •Gravenhurst, ON
 •Upscale Class
 •106 Rooms

Overview of Competitive/Comparable Properties

								
Name of Hotel	Ascend Collection The Champlain Waterfront Hotel	Holiday Inn Hotel & Conference Center Barrie	Westin Trillium House Blue Mountain	Trademark Collection by Wyndham Georgian Bay Hotel	Best Western Inn On The Bay	Ascend Collection Insignia	Ascend Collection Hidden Valley Resort	Residence Inn Gravenhurst Muskoka Wharf
City & Province	Orillia, ON	Barrie, ON	Blue Mountains, ON	Collingwood, ON	Owen Sound, ON	Sarnia, ON	Huntsville, ON	Gravenhurst, ON
Class	Upscale	Upper Midscale	Upper Upscale	Upper Midscale	Midscale	Upscale	Upscale	Upscale
Date Opened	June-32	January-69	November-05	June-85	February-87	January-62	June-65	June-09
Number of Rooms	53	161	228	94	100	83	100	106
Advertised Room Rates (as of October 2020 in Canadian \$)								
Peak	\$115-\$135	\$142-\$169	\$229-\$359	\$189-\$229	\$189-\$209	\$151-\$229	\$159-\$189	\$209-\$295
Non-Peak	\$90-\$105	\$113-\$145	\$199-\$259	\$126-\$179	\$119-\$139	\$151-\$218	\$129-\$149	\$169-\$189
Estimated Market Mix Segmentation Year-End 2019								
Leisure	55%	35%	55%	53%	45%	55%	55%	45%
Corporate	25%	40%	20%	20%	35%	25%	20%	40%
Group	20%	25%	25%	27%	20%	20%	25%	15%
Facilities								
Waterfront Location	X			X	X	X	X	X
Complimentary Breakfast	X					X		X
Outdoor Pool			X				X	
Indoor Pool		X		X			X	X
Fitness Center	X	X	X	X	X		X	X
Business Center	X	X	X	X	X	X	X	X
Bar/Lounge	X	X	X	X	X	X	X	
Restaurant	X	X	X	X	X	X	X	
Complimentary Parking	X	X		X	X		X	X
Largest Meeting Room (square feet)	N/A	300 people 3,100 sq. ft.	600 people 6,200 sq. ft.	500 people 5,900 sq. ft.	200 people 2,400 sq. ft.	N/A	260 people 2,300 sq. ft.	120 people 1,500 sq. ft.
Total Meeting Space (square feet)	N/A	13 rooms 9,000 sq. ft.	5 rooms 7,900 sq. ft.	7 rooms 9,400 sq. ft.	7 rooms 5,400 sq. ft.	N/A	5 rooms 4,000 sq. ft.	4 rooms 1,500 sq. ft.

Location of Comparable Set



Historical Performance of Competitive/Comparable Set



Occupancy

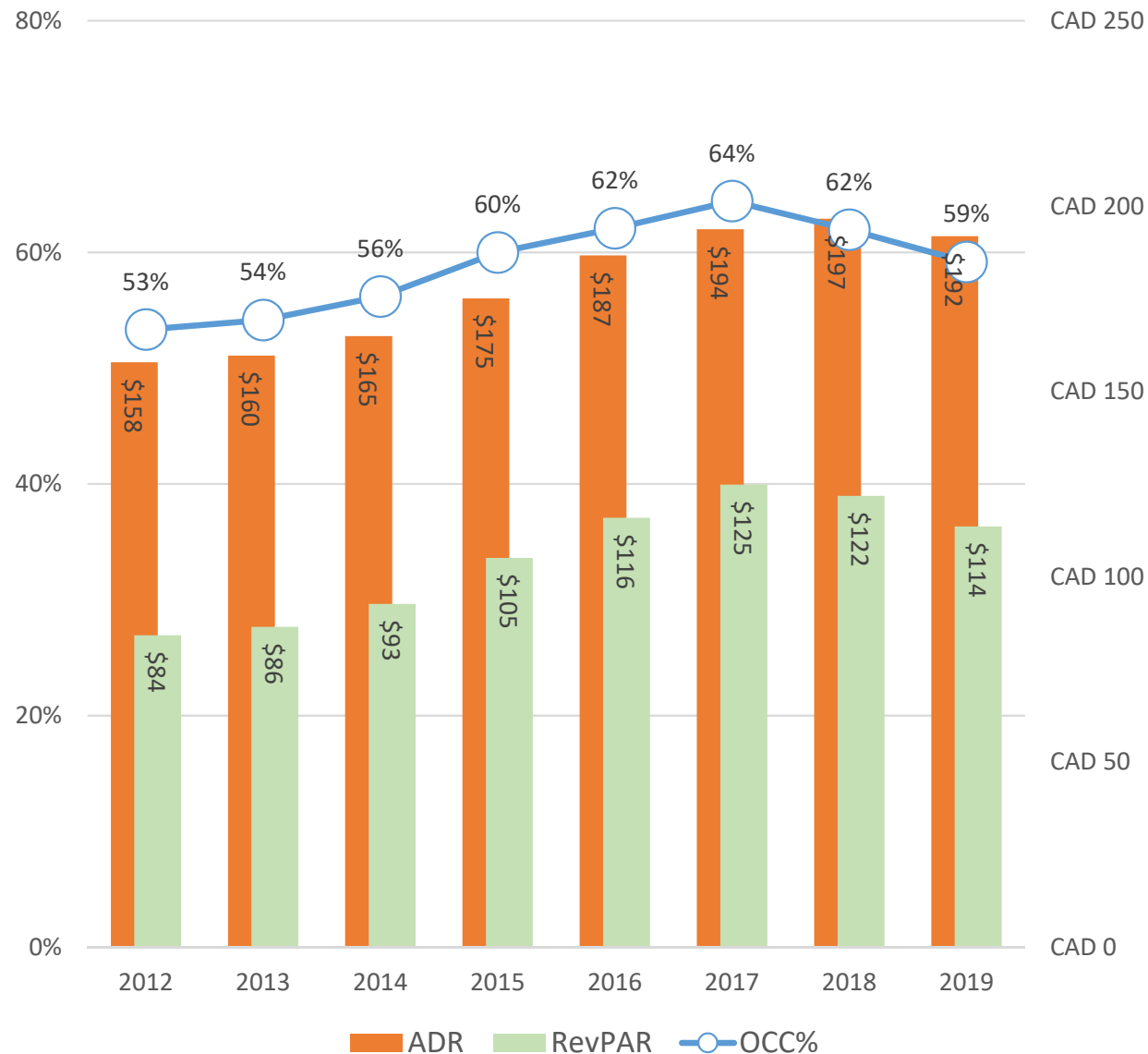
Between 2012 and 2019, the number of available room nights (supply) of the defined comparable set declined by 0.4 percent as a result of the Wyndham Georgian Bay Hotel and the Ascend Hidden Valley Resort lowering their room supply during recent renovation/conversion projects. As a result of demand (1.1 percent growth) outpacing supply over the entire analysis period, occupancy for the overall competitive/comparable set increased through 2017, indicating that the market was experiencing modest growth during that time. Demand fell off slightly in 2018, and even more into 2019. The spike in demand in 2017 and 2018 was partially attributed to aggressive visa requirements in the U.S. displacing some leisure and meeting/group travel to Canada. In addition, Canada had been experiencing a development surge with international investment interest prior to the COVID-19 pandemic.

Average Daily Rate

From 2012 to 2019, the ADR achieved by the overall competitive/comparable set increased by 2.8 percent compounded annually. Generally, the modest ADR increases were driven by the increasing occupancies, and improved revenue management strategies to raise prices (especially during the peak months). Several brand conversions helped those properties drive their ADRs during this time.

RevPAR

Throughout the historical period, the RevPAR achieved by the total competitive/comparable set increased 4.4 percent compounded annually, just behind the Ontario market as a whole.

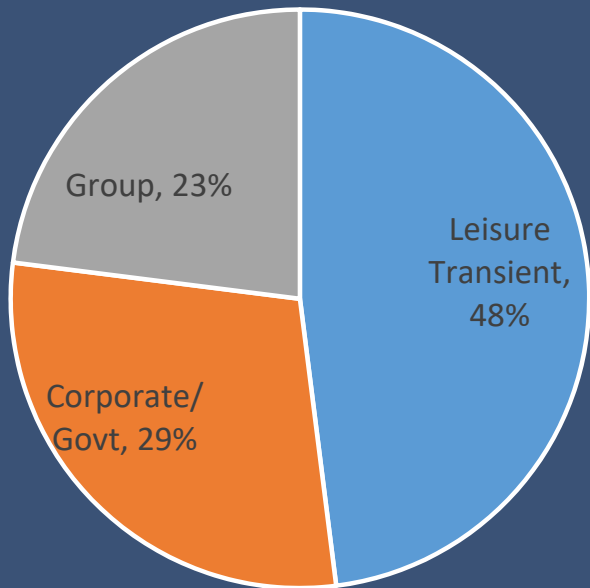


Historical Market Segmentation & Seasonality



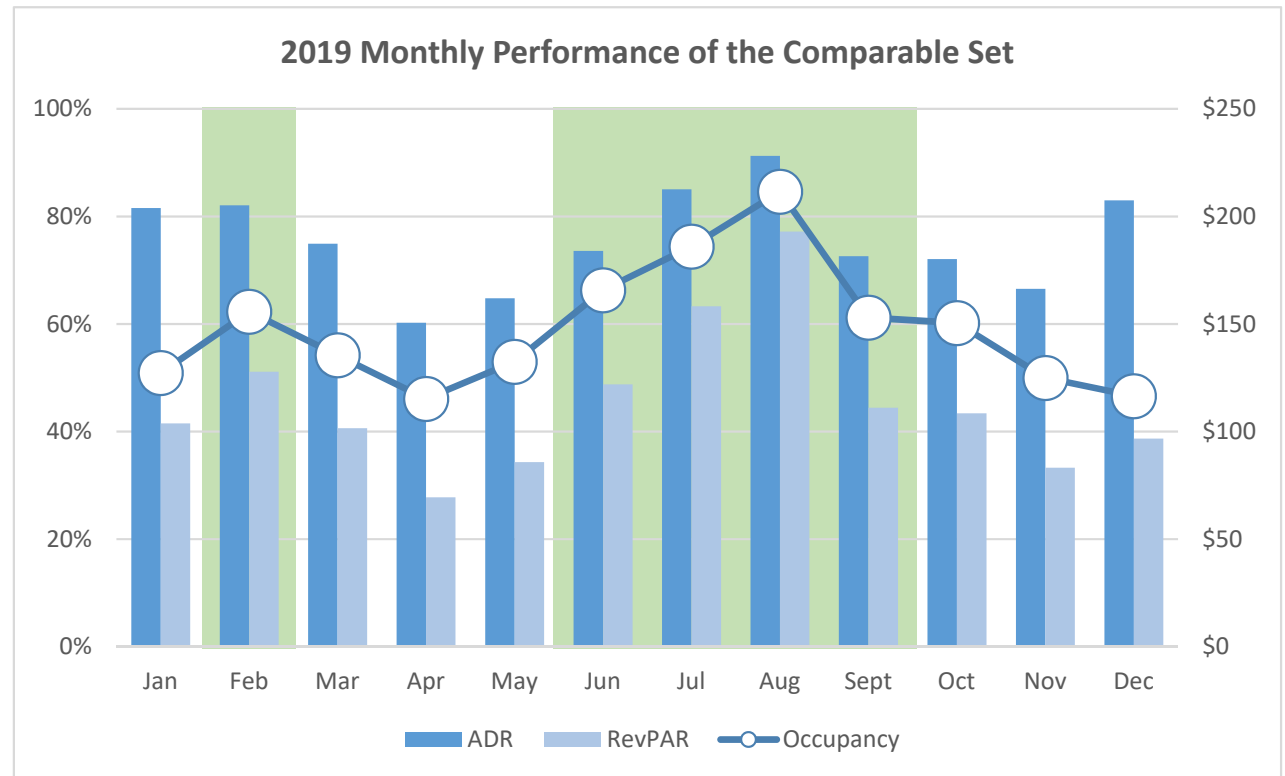
Market Segmentation

The market segmentation of the defined comparable set for year-end 2019 was 29 percent corporate/government transient, 48 percent leisure transient, and 23 percent group demand. The segmentation shows a well-diversified mix of room night demand for the set. While segmentation remained relatively flat over the past eight years, the most significant change occurred in the group segment, due to hotels doing a better job of attracting new clients out of the GTA.



Seasonality

Room night demand for the overall market area is highly seasonal in nature, with occupancies typically declining during the cold winter months of November through January due to a reduction in all travel segments. Also, snow storms in this part of Canada can be fairly intense in terms of actual duration and accumulation. Comparatively, late May through early September are the strongest time periods due to increased transient and group demand surrounding Summer travel due to the improved weather. March, April, May, and October tend to be softer months or shoulder seasons as the area transitions into a busier (or slower) time period. February is considered a bright spot, when several winter festivals are held throughout the region, and it is the peak month for hotels located in Blue Mountain and Collingwood, given the presence of the ski resort.

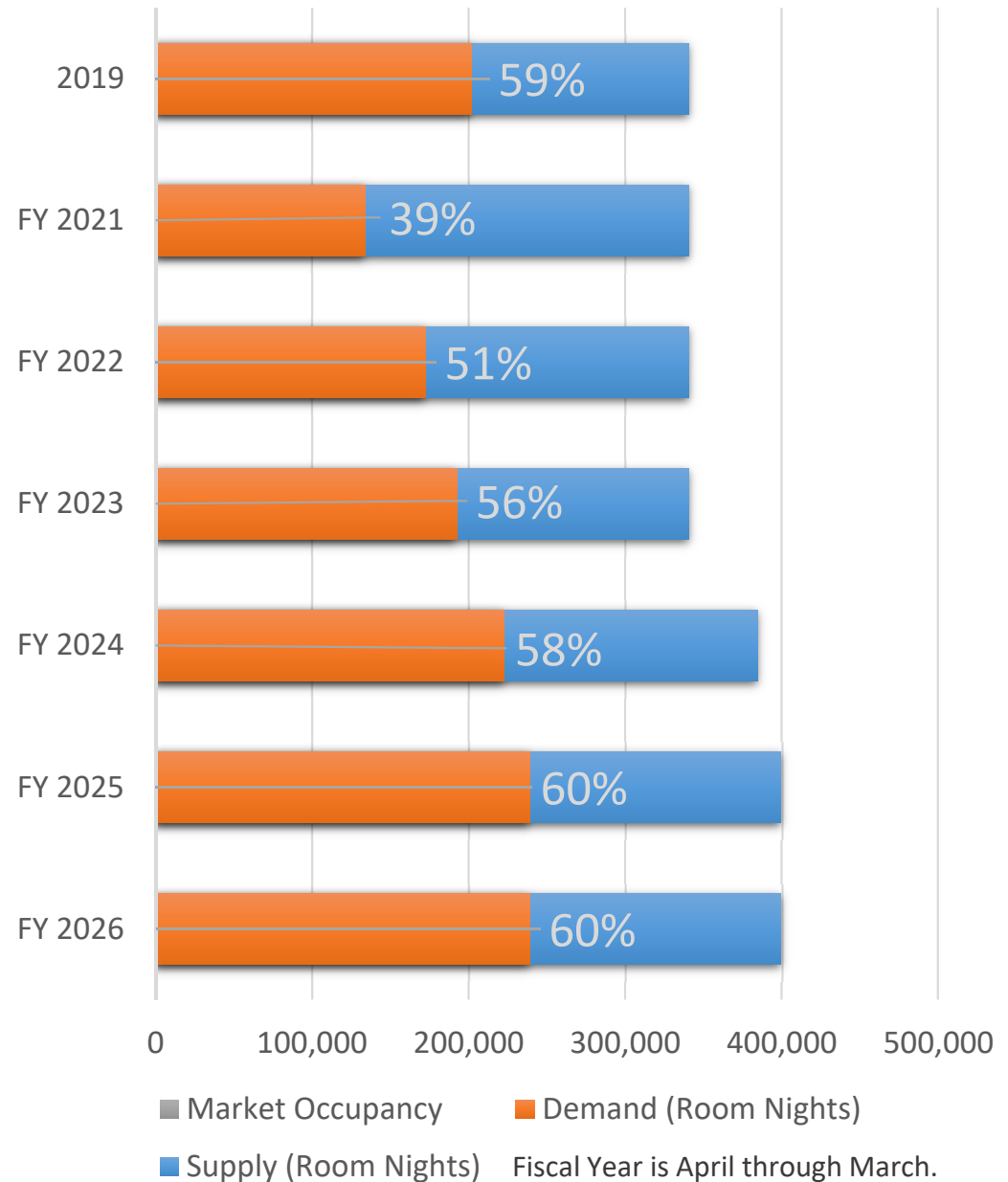


Future Supply & Demand Growth

As of 3rd quarter 2020, there are a few hotels proposed for the market area that will open fairly proximate to the subject site between 2022 and 2024. An 80-room Tapestry by Hilton is included in the estimates of future supply, given its waterfront location and similarities to the subject site. Two other projects include a TownePlace Suites by Marriott in Owen Sound and a Holiday Inn Express in Kincardine. Given the current impact of the pandemic and their expected target markets, which vary slightly from the proposed subject, they have been excluded from the future supply projections. With the foregoing in mind, a net increase of 160 rooms (inclusive of the 80-unit subject resort hotel) is estimated for the competitive/comparable set between 2023 and 2024. The subject hotel has a projected opening date of 2nd quarter 2023 (1st quarter FY2024),

Into the future, moderate growth in hotel room night demand for the market area is assumed based on current economic trends, with periodic increases to reflect the ability of the subject resort to generate its own demand (in the form of latent demand) in the market.

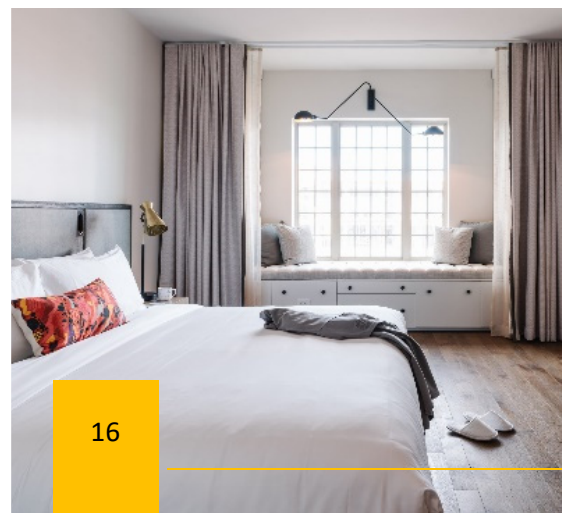
As the graph to the right illustrates, trends in the region indicate that, although room night demand is expected to decrease significantly in FY2021 as a result of the COVID-19 pandemic, we do anticipate a rebound when a COVID-19 vaccine becomes widely available, most likely in the 3rd and 4th quarter 2021. In turn, border restrictions are expected to remain in place through mid to late 2021 and then be removed. Thereafter, travel among all demand segments should commence a rebound. Between year-end 2019 and FY 2026, room supply is estimated to increase by an average of 2.7 percent annually, while occupied room nights are projected to increase at a compound annual growth rate of 2.8 percent. Since demand growth will outpace supply growth, there will be a moderate increase in market occupancy over the long term. This results in overall occupancies fluctuating significantly between 39 and 60 percent.



Facility Recommendations

TRIBUTE PORTFOLIO

- 80 units
 - 64 standard guest rooms
 - 16 one-bedroom suites that offer separate living areas
- 5,000 square feet of flexible meeting and pre-function space
- Three-meal restaurant with outdoor dining
- Larger, unique guest room suites
- Ample parking
- Indoor swimming pool and whirlpool
- Convenience/sundry shop
- Guest laundry
- Fitness center with high-end equipment
- Business center
- Complimentary wireless high-speed internet
- Partnership with local tour providers and outdoor recreational companies





TRIBUTE PORTFOLIO



Projected Operating Results

80-room Tribute by Marriott, South Bruce Peninsula, ON



Year	Occ.	ADR ⁽¹⁾	RevPAR ⁽¹⁾	Market Occ.	Total Revenue	EBITDA After Reserve ⁽⁴⁾	
						\$ Amount	%
Stabilized Year ⁽²⁾	62%	\$195.00	\$120.90	--	\$5,535,000	\$999,000	18.0%
2023	51%	\$210.00	\$107.10	58%	\$4,963,000	\$801,000	16.1%
2024	57%	\$216.00	\$123.12	60%	\$5,658,000	\$986,000	17.4%
2025	62%	\$221.00	\$137.02	60%	\$6,269,000	\$1,129,000	18.0%
2026	62%	\$227.00	\$140.74	60%	\$6,436,000	\$1,167,000	18.1%
2027	62%	\$232.00	\$143.84	60%	\$6,583,000	\$1,192,000	18.1%
2028	62%	\$238.00	\$147.56	60%	\$6,752,000	\$1,224,000	18.1%
CAGR ⁽³⁾	3.7%	2.5%	6.6%	--	6.4%	8.9%	--
Value Upon Stabilization (DCF)					CD\$12.9 million		

- Notes: ⁽¹⁾ Average daily rate has been rounded to the nearest dollar.
⁽²⁾ In 2020 Canadian dollars.
⁽³⁾ Compound Annual Growth Rate.
⁽⁴⁾ EBITDA stands for earnings before interest, taxes, depreciation and amortization..



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