INVESTMENT FORECAST

Hospitality

Calgary

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026

Infrastructure and Tourism Investment Prompts Optimistic Long-Term Outlook

Upside on the horizon amid normalizing fundamentals. Calgary's hotel market outperformed the nation last year, ranking among the top of Canada's major metros. Looking ahead, fundamentals will remain solid, with occupancy still above the 2019 benchmark and the average daily rate holding near record highs, though performance is expected to moderate. Room inventory expanded by 2.1 per cent between 2022 and 2025 — well above the national average of 0.7 per cent — which is now placing some downward pressure on occupancy as travellers benefit from more choice. Demand growth will likely be modest in the early part of the year, yet ongoing tensions with the United States are encouraging Canadians to vacation domestically, supporting Alberta's appeal as an outdoor destination. Corporate travel should also hold resilient, anchored by a strong energy sector and economic diversification, while potential infrastructure projects under the Building Canada Act could provide further upside. Meanwhile, Tourism Calgary has set a long-term goal of doubling visitor spending to $6 billion by 2035. These factors underscore a healthy long-term outlook for Calgary's hotel sector, despite near-term normalization.

INVESTMENT TRENDS

- There was only one major hotel trade last year, which was the $125 million sale of the Hyatt Regency downtown. This underscores the limited availability of hotel assets for sale in Calgary.
- Fallsview Group was the buyer, which holds a large hospitality portfolio. This purchase marked their first acquisition outside Southwestern Ontario, highlighting confidence in Calgary.

2026 Hospitality Trends

50 BASIS POINT
change in occupancy

OCCUPANCY:

Expanded hotel room inventory, along with the weight of trade-related risks on demand, will likely push occupancy below 65 per cent in 2026. Pressures are likely to be seen in the latter parts of the year.

0.3% DECREASE
in ADR

ADR:

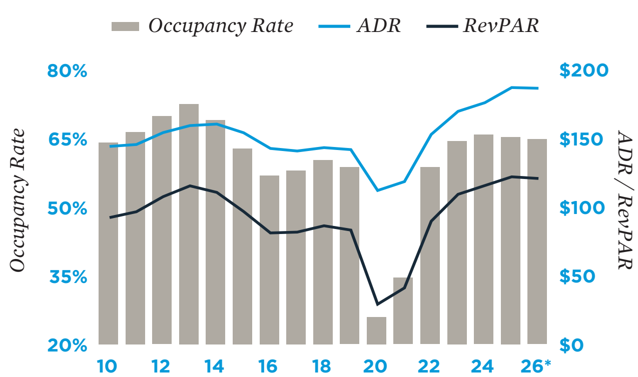
Hotel openings and demand risks will put some downward pressure on the average daily rate this year. That said, this represents more of a normalization after years of historic gains coming out of the pandemic.

1.0% DECREASE
in RevPAR

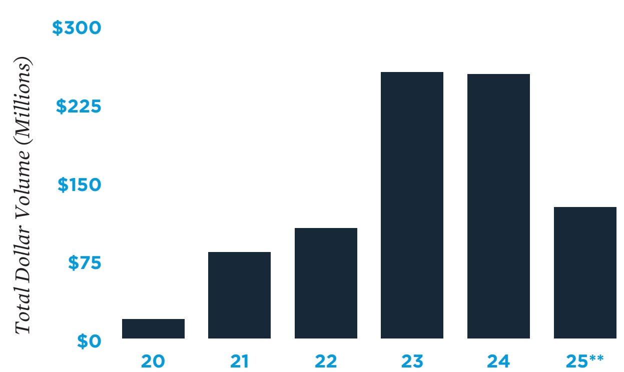
RevPAR:

Lower occupancy and a normalizing average daily rate will push revenue per available room down to $120 by year-end. Nevertheless, this is still 45 per cent above the 2019 level and just 3.0 per cent below the all-time high set in August of last year.

Occupancy and Revenue Metrics



Transaction Trends



* Forecast; ** Trailing 12 months through 3Q

Sources: Altus Data Solutions; Statistics Canada; STR, a CoStar Group Company

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