

# INVESTMENT FORECAST

Hospitality  
Montreal

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

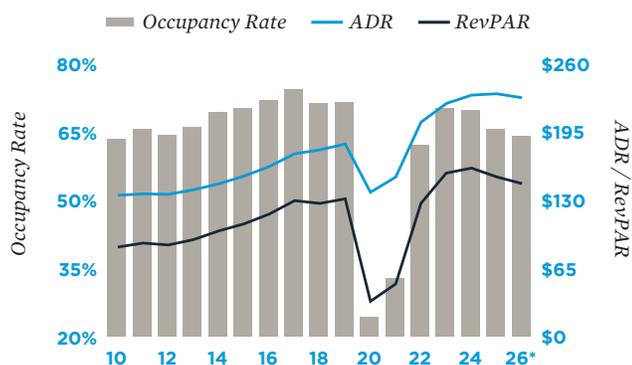
## Supply Surge Tempers Growth Prospects, Yet Fundamentals Remain Sound

**Rapid development gives way to a phase of normalization.** Following several years of outsized growth, Montréal's hotel market is poised for a measured pullback in 2026. The moderation reflects the metro's rapid inventory expansion — total supply has risen roughly 4.0 per cent over the past few years — creating near-term occupancy pressure as recently opened hotels compete for market share. Meanwhile, demand growth is broadly slowing, as softer cross-border travel and lingering trade-related economic uncertainty limit near-term upside. Even so, Montréal's hotel fundamentals are still sound. The metro continues to attract a strong mix of convention and business travel, supported by its diversified economy and the proposed expansion of the Palais des congrès convention centre. On the leisure side, visitation will continue to be underpinned by the city's rich history, culinary excellence and vibrant nightlife, along with marquee events such as Osheaga, the Formula 1 Grand Prix and the International Jazz Festival. As future supply stabilizes due to cost pressures and demand growth resumes, the market is well positioned for recovery beyond 2026, supported by its broad visitor base and long-term tourism appeal.

## INVESTMENT TRENDS

- Over the first three quarters of 2025, dollar volume was up 24 per cent compared with 2024. Despite elevated interest rates, investment is holding amid long-term confidence in the sector.
- While deliveries are set to ease in the medium term, a number of projects remain in the planning stages, underscoring continued investor interest in hotel development.

### Occupancy and Revenue Metrics



## 2026 Hospitality Trends



**170**  
**BASIS POINT**  
*change in occupancy*

### OCCUPANCY:

As supply pressures continue to linger, along with an expected fall in room demand, the metro's hotel occupancy rate is forecast to drop to 64 per cent by year-end.



**1.6%**  
**DECREASE**  
*in ADR*

### ADR:

Although the average daily rate will remain 25 per cent above the 2019 reading, the rate is set to moderate slightly when compared with last year's all-time high amid cooling demand and growing supply.

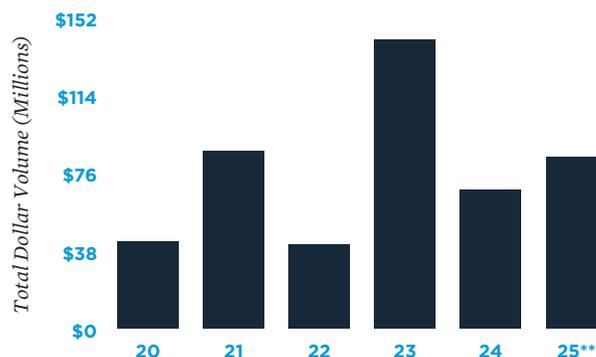


**4.2%**  
**DECREASE**  
*in RevPAR*

### RevPAR:

The fall in revenue per available room will largely be driven by occupancy declines, bringing the measure to \$145.56. Although down from the record high set in 2024, RevPAR will be up 11 per cent from 2019.

### Transaction Trends



\* Forecast; \*\* Trailing 12 months through 3Q

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

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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