

CANADIAN CAPITAL IS READY TO BUILD

Competitive tax policy can incent new hotel construction, renovation, and reinvestment.

A STRONG FOUNDATION FOR GROWTH

Canada's hotel industry has a significant asset base, with a strong platform for future development.

Source: Hotels Canada estimate based on the average price of hotel keys/rooms from 2021 to 2025

\$81B

Value of current hotel infrastructure

\$1.4B

Est. current development pipeline

HIGH-POTENTIAL PROJECTS ARE BEING LEFT ON THE TABLE

80%

of investors have no plans to build new hotels in the next two years

Source: 2026 Canadian Hotel Investment Sentiment Report

~\$5.0B

Capital abandoned

WHY HAS NEW GROWTH STALLED?

📉 Tax policy lowers returns

📺 Limited reinvestment flexibility stalls new projects

🏠 Stronger investment incentives in the U.S. and competing real estate asset classes

CAPITAL IS NOT PATRIOTIC

As the U.S. offers a more attractive investment environment, Canada faces growing competition for its own hotel investment dollars.

2X

For the same hotel investment, returns in Boston can be 2x as high as those in Toronto

Source: 2026 Canadian Hotel Investment Sentiment Report

46%

of investors have invested in or considered investing in the U.S. over the past two years

FEDERAL ACTIONS

- ✓ Allow capital gains deferral on more reinvestments - similar to the US 1031 Exchange.
- ✓ Tax recapture of the Capital Cost Allowance at a lower rate when selling an asset.
- ✓ Expand the Productivity Mega Deduction to include hotel buildings.

