



# **GREATER TORONTO HOTEL INDUSTRY 2004 ECONOMIC IMPACT ANALYSIS**

**Prepared for:**  
Greater Toronto Hotel Association

**Prepared by:**

**PKF**  
Consulting

**September 2005**

## EXECUTIVE SUMMARY

### GREATER TORONTO HOTEL INDUSTRY 2004 ECONOMIC IMPACT ANALYSIS

This report traces the **Economic Impact of Greater Toronto Hotels at 2 levels:**

1. **OPERATIONAL IMPACTS** derived from the operation of Greater Toronto hotels themselves. This includes revenues from all departmental sources (rooms, food & beverage, telephone, other operated departments and rental and other income); together with operating expenditures for such costs as payroll and employee benefits, administration, supplies of goods and services, marketing (including the voluntary 3% Destination Marketing Fee implemented in January 2004), repairs and maintenance, insurance and property taxes. The analysis was based on the 2004 operating year.
2. The **CAPITAL EXPENDITURE IMPACTS** resulting from new hotel construction and capital improvements and renovations made to Greater Toronto hotels during the Year 2004. This includes expenditures made on guest rooms, food & beverage areas, meeting space, public areas/lobby, back of house, structural/mechanical repairs and building exterior renovations.

Highlights of the resulting **Economic Impacts** are summarized below.

#### 1. GREATER TORONTO HOTELS' OPERATIONAL AND CAPITAL IMPACTS

##### A. VALUE ADDED IMPACTS

The Greater Toronto hotel sector generated **\$2.2 Billion of direct spending in Greater Toronto** in 2004. Of this amount, close to \$2.0 Billion was attributed to Operating Business expenditures and \$194 million to Capital expenditures.

These expenditures translated specifically into an **estimated \$1.64 Billion share of the Gross Domestic Product (GDP) for Ontario**, \$1.54 Billion in Greater Toronto.

##### B. EMPLOYMENT IMPACTS

Based on the operating and capital expenditures, the Greater Toronto Hotel industry is estimated to have generated **30,776 full-year equivalent jobs** in 2004 – about 0.85 job for every hotel room in the GTA.

Total wages and salaries paid, either directly or indirectly, by Greater Toronto Hotels totalled **\$668 Million in 2004**, of which the **total hotel payroll amounted to \$518 Million**.

<b>Table 1-5 GREATER TORONTO HOTEL INDUSTRY Direct and Indirect Employment from Industry Operations and Capital Improvements, 2004 (Full Year Equivalent Jobs)</b>			
	<b>GTA</b>	<b>Rest of Ontario</b>	<b>Total</b>
Direct Jobs	28,063	1,408	29,471
Indirect Jobs	677	628	1,305
<b>Total</b>	<b>28,740</b>	<b>2,036</b>	<b>30,776</b>

Source: Ontario's Tourism Regional Economic Impact Model based on PKF Survey of Toronto Hotels, 2004

## C. REVENUES TO GOVERNMENT

<b>GREATER TORONTO HOTEL INDUSTRY</b>			
<b>Direct and Indirect Government Revenues from Hotel Operations &amp; Capital Improvements, 2004</b>			
<b>(\$000)</b>	<b>GTA</b>	<b>Rest of Ontario</b>	<b>Total</b>
Municipal	\$94,784	\$2,342	\$97,125
Provincial	\$243,749	\$8,631	\$252,381
Federal	\$313,202	\$19,177	\$332,379
<b>Total</b>	<b>\$652,035</b>	<b>\$30,150</b>	<b>\$682,185</b>

Source: Ontario's Tourism Regional Economic Impact Model based on PKF Survey of Toronto Hotels, 2004

The total taxes generated for all levels of government attributed to the Greater Toronto Hotel Industry were \$682 Million (\$332 Million in Federal Taxes, \$252 Million in Provincial Taxes and \$97 Million in Municipal Taxes). Hotel business operations and capital-related expenditures in Greater Toronto contributed \$652 Million of the total taxes (\$313 Million in Federal Taxes, \$244 million in Provincial Taxes and \$95 Million in

Municipal Taxes).

## 2. TOTAL ROOM NIGHTS SOLD BY GREATER TORONTO HOTELS IN 2004

The Greater Toronto Hotel industry achieved a 66.7% occupancy in 2004, with 8.7 million room nights sold to visitors. Just over 40% of the room nights were sold to the corporate/commercial sector, with a further 33% sold to independent and group leisure tourists. Meetings and convention demand constituted an estimated 17% of the total room nights sold in 2004, with the balance generated from government travelers and other sources of business.

<b>TOTAL ROOM NIGHTS SOLD</b>		
<b>GREATER TORONTO HOTELS, 2004</b>		
<b>Market Segments</b>	<b>Room Nights</b>	<b>%</b>
	<b>(000)</b>	
Corporate/Commercial	3,552	40.7%
Leisure Tourist	2,915	33.4%
Meetings/Conventions	1,475	16.9%
Government/Other	786	9.0%
<b>Total</b>	<b>8,728</b>	<b>100.0%</b>

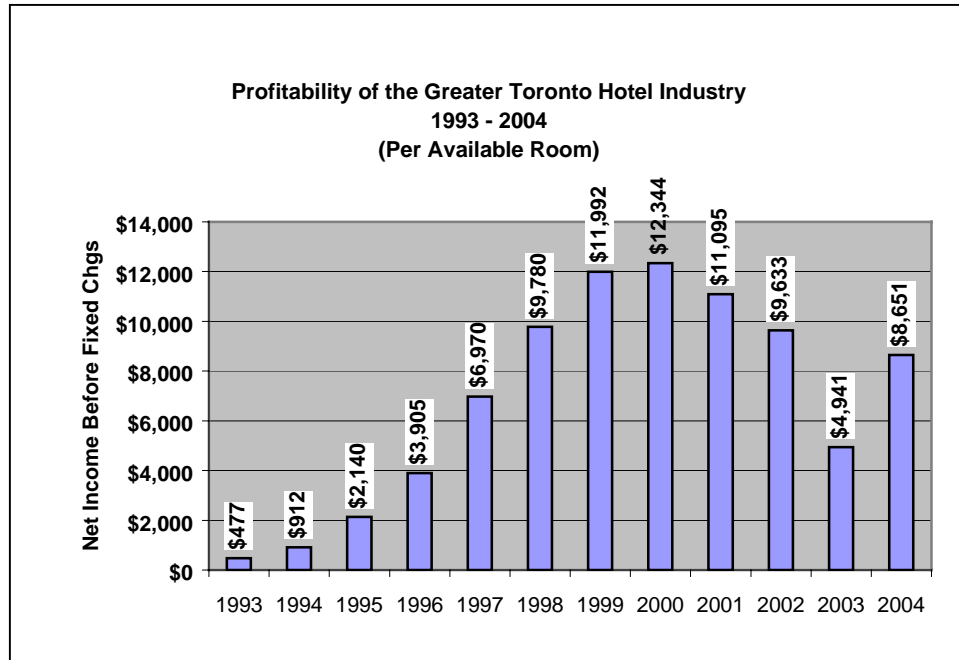
## 3. GTA HOTEL INDUSTRY PROFITABILITY

Since the new millennium, the GTA hotel industry has faced one setback after another, including the 9/11 terrorist attacks in 2001, the Iraq War and SARS in 2003, all of which undermined the industry's ability to maintain 2000 performance levels. In 2003, profitability per available room fell to \$4,941 per available room, approximately 60% below levels achieved in 2000. **Although 2004 was deemed to be the "year of recovery", at a net profit of \$8,651 per available room, the Greater Toronto hotel industry is still 30% below levels 5 years ago.**

The Year 2000 marked the 8<sup>th</sup> consecutive year of increased profitability in the Greater Toronto Hotel industry, with income before fixed charges 25 times higher in 2000 than results experienced in 1993. The Net Income Per Available Room (before other fixed charges) was \$12,344 per available room as compared to the 1993 results of \$477 per room.

Even though total revenues had climbed from \$31,067 per room in 1993 to \$49,832 per room in 2000, the "perfect storm" of 2003 witnessed a drastic reduction in revenues to \$39,077 per room. While 2004 saw a modest improvement in total revenues to \$44,283 per room, this is the same level as experienced by the Toronto hotel industry 8 years ago in 1997.

In 1993, when the industry was at a low, Property Taxes and Insurance at \$4,365 per room consumed 14.1% of revenues. While property taxes remain high, this situation has improved, with Property Taxes and Insurance at \$3,756 per room in 2004, representing 8.5% of revenues.



The average fixed asset value of hotels in the Greater Toronto Area was estimated at **\$100,024 per room in 2004**. The profitability of the Toronto Hotel Industry in 2004 provided moderate **returns on equity averaging 11.1% and an return on investment of 8.7%**. Although these returns are somewhat higher than those experienced in the mid 1990's, when the industry was highly leveraged, and net operating incomes were much lower, due to lagging Average Daily Rates, they are well below the 15.6% return on equity achieved in 2000.

GREATER TORONTO HOTEL INDUSTRY Estimated Return on Investment and Equity						
Value Per Room	Debt per Room	Profit Before Debt Service	Cost of Debt	Net Profit	Return on Investment	Return on Equity
\$100,024	\$60,014	\$8,653	\$4,201	\$4,449	8.7%	11.1%

Source: PKF Consulting, based on Operating and Capital Investment Surveys

In summary, increased room supply, coupled with the uncontrollable circumstances over the last few years – September 11<sup>th</sup> terrorist attacks, the Iraq War and the SARS Crisis – have all had a major impact on bottom line profitability of the Greater Toronto hotel industry.

While demand levels are recovering, this has been offset by lower than expected improvement in average daily rates. As the Greater Toronto hotel industry closes 2005 and moves into 2006, continued increases in demand will be offset by continued increases in supply, with only marginal improvements in occupancy and average daily rates expected.



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September 12, 2005

Mr. Rod Seiling, President  
Greater Toronto Hotel Association  
Queen's Quay Terminal at Harbourfront Centre  
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Toronto, Ontario  
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**RE: ECONOMIC IMPACT ANALYSIS of the GREATER TORONTO HOTEL INDUSTRY, 2004**

Dear Mr. Seiling:

In accordance with the terms of engagement, PKF Consulting has completed the research and analysis relating to the Economic Impact Study for the Greater Toronto Hotel Industry.

The Greater Toronto Hotel Industry is comprised of 183 hotels offering 35,865 guest rooms. Based on fiscal year 2004, the operation, and capital improvement expenditures of these hotels as well as new hotel construction contributed:

- 30,776 full-year jobs, of which 28,740 jobs (93%) were in the GTA;
- \$2.2 Billion in total economic activity;
- These expenditures translate into an estimated \$1.64 Billion share of the Gross Domestic Product for Ontario, \$1.54 Billion for GTA;
- Wages in excess of \$668 Million --- \$518 Million (78%) retained in the GTA; and
- \$585 Million in Federal and Provincial taxes, with a further \$97 Million in Municipal taxes for the province overall.

Once again, we have appreciated the opportunity to provide this update and would like to express our sincere thanks to the Greater Toronto Hotel Association and its members who provided data and input into the analysis.

Yours very truly,

*PKF Consulting*

**PKF CONSULTING**

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## 1.0 ECONOMIC IMPACTS of the GREATER TORONTO HOTEL INDUSTRY, 2004

### 1.1 Introduction

In Spring 2005, the *Greater Toronto Hotel Association* retained PKF Consulting to update the Economic Impact Analysis of the Toronto Hotel Industry originally completed by PKF in 2001, to 2004 operating results for the industry.

The validity of economic impact studies depends on the reliability of the input data. Estimates of total spending resulting from the Greater Toronto Hotel Industry were collected from several sources including:

- Detailed operating expenditure data for the Year 2004, provided by 86 Greater Toronto hotels, representing 24,200 rooms – 68% of the total rooms in the Greater Toronto area;
- Administration of a *Capital Improvements and Hotel Value Survey* to gauge the nature and amount of capital dollars spent by the Greater Toronto Hotel Industry on property renovations and improvements and the value of the industry. A total of 24 properties, representing 8,778 guest rooms responded to the survey (25% of the GTA inventory); and
- Utilization of PKF's in-house historical data on the inventory of accommodation properties/rooms in the GTA.

Data was separated into 5 types of hotels (luxury, upscale, all-suite, midscale, and limited service) to account for operational differences between hotels. Using a weighted average for each type of hotel, the aggregated results were adjusted to account for those hotels that did not respond, and the data was grossed up to represent the total Greater Toronto hotel industry.

Once estimates of the total spending attributable to the operation and capital expenditure were calculated from the preceding inputs, they were incorporated into Ontario's **Tourism Regional Economic Impact Model** (TREIM) developed for the Ontario Ministry of Tourism and Recreation.

The TREIM model provides estimates of the total amount of economic activity generated by spending associated with the impact of tourism activities on the local economy, and calculates its impact in conventional economic measures.

### 1.2 Estimating Economic Impacts

The business operating expenditures made by Greater Toronto Hotels, and those for capital improvements and renovations, as well as capital costs related to the construction of new hotels affect every aspect of economic activity but are not a true measure of economic impact. This identifies only part of the effects of tourism spending on the economy, which is illustrated by tracking the impact of tourism purchases through the various sectors of the economy. For example, when a guest purchases food at one of the hotel's restaurants (**Initial Expenditures**), it can be traced back through the wholesale, food and related industries, to the agricultural producers.

The initial expenditure will, firstly, impact the front line businesses (**Initial Impact**). In this case, the hotel is the front line business. **Direct Impacts** are the effects associated with the "first round" of expenditures related to the activities under study. Using hotel operations as an example, "first round" expenditures include:

- Labour income paid to employees;
- Purchases of goods and services used in the operations (e.g. bed linens, food and beverage ingredients, etc); and
- Sales and other indirect taxes paid to governments in conjunction with the above expenditures.

The hotel will create demands on its suppliers, and those suppliers will create demands on their suppliers, generating further income, employment and taxes (**Indirect Impact**). The supplier purchases materials, services and equipment to sustain the requirements generated by tourism expenditures in hotels, and his/her purchases in turn give rise to employment, income and taxes in those industries supplying them, and so on.

This is not the end. Industries generate income and this is spent by households and businesses on consumption and investment, creating even more demands in the economy (**Induced Impacts**). All of this economic activity is in response to the original hotel guest expenditure.

The same kind of economic activity can also be traced by capital investments to improve the hotel infrastructure, as well as the impacts of the hotels' employees on the local economy.

The definition of Economic Impact refers to the employment and the value-added accruing to the residents of Toronto and the province of Ontario. Employment impacts are measured in **full-year equivalent jobs**. Therefore, an individual that is employed for the entire year on a part-time capacity (eg. Banquet server) represents one full-year equivalent job. The estimates of employment do not include self-employed people, as they are considered to be earning business income, which the model does not convert into employment. *Therefore this approach results in conservative estimates of employment impact.*

**Value-added (also referred to as Gross Domestic Product)** measures the economic value created through the production of goods and services and is one of the most commonly used indicators of economic activity. Value added impacts consist of the following:

- Labour income, which includes wages and salaries and supplementary labour income (benefits) to workers;
- Business income, which includes net before-tax income of unincorporated business and corporate business income before deductions for depreciation, interest and corporate income taxes;
- Government income, which consists of indirect taxes as well as goods and services purchased from the government. Indirect taxes include taxes such as sales taxes and property taxes, but exclude personal income taxes and corporate income taxes, which are included in the above categories.

The Economic Impact presented in this study measures the **direct and indirect impacts, only**. The induced impacts generated as a result of re-spending by employees (in the form of consumer spending) who benefited either directly or indirectly from the initial expenditure under analysis *are not included* in the report, but can be found in the detailed output tables provided in Appendix C. A technical description of the Impact Methodology used by TREIM is provided in Appendix A, with a Glossary of Terms in Appendix B.



### 1.3 Inventory of Greater Toronto Hotels

The Greater Toronto Hotel Industry is comprised of 183 hotels offering 35,865 guest rooms. PKF collected the operating statements for the Year 2004, from 86 hotels representing 24,200 rooms, or 68% of the total inventory.

<b>Table 1-1 GREATER TORONTO HOTEL INVENTORY And Survey Respondents</b>				
	<b>GTA HOTELS</b>		<b>OPERATING DATA RECEIVED</b>	
<b>By Type</b>	<b>Hotels</b>	<b>Rooms</b>	<b>Hotels</b>	<b>Rooms</b>
Luxury	9	3,418	6	2,947
Upscale	45	14,964	30	12,803
All Suite	18	2,868	7	1,089
Midscale	51	8,890	23	4,962
<u>Limited Service</u>	<u>60</u>	<u>5,725</u>	<u>20</u>	<u>2,399</u>
<b>Total</b>	<b>183</b>	<b>35,865</b>	<b>86</b>	<b>24,200</b>
<b>By Size</b>	<b>Hotels</b>	<b>Rooms</b>	<b>Hotels</b>	<b>Rooms</b>
Under 126 rooms	85	6,780	20	1,988
126 – 200 rooms	46	7,439	26	4,298
201 – 500 rooms	43	13,553	32	10,357
<u>500 + rooms</u>	<u>9</u>	<u>8,093</u>	<u>8</u>	<u>7,557</u>
<b>Total</b>	<b>183</b>	<b>35,865</b>	<b>86</b>	<b>24,200</b>

### 1.4 Operating Results of Greater Toronto Hotels in 2004

At an occupancy of 66.7% and an Average Daily Rate of \$125.89, the Greater Toronto Hotel Industry generated close to \$1.6 billion in revenues from all operating departments in 2004 – just over \$44,000 for every available guest room in the GTA. However, despite a 3.6% increase in room inventory since 2000, 2004 average daily rates were \$6 behind 2000 levels and occupancy off by 4.8 percentage points. As such, total revenues in 2004 were \$136 Million less than the industry achieved in 2000.

Departmental costs & expenses associated with labour and cost of goods and services amounted to over \$657 Million, or \$18,329 per available room, resulting in Departmental Operating Income of \$931 Million (\$118 Million less than was achieved in 2000).

Undistributed Operating Expenses for the industry, which include costs associated with Administration & General, Marketing, Franchise Fees, Property Repairs & Maintenance, Energy and Other Unallocated costs were estimated at \$422 Million, or \$11,774 per available room.

The Greater Toronto Hotel Industry also paid just over \$124 million in Property Taxes, which equates to \$3,467 for every available guest room. Property Taxes vary across the regions of the Greater Toronto Area, from an average of \$5,467 per room in Downtown Toronto, to an average of \$2,837 per room for properties in Etobicoke, North York and Scarborough, to \$2,227 per room for hotels situated in Mississauga.

The 2004 Operating Statement for the industry also includes a 4.0% Reserve for Asset Replacement, which generated in excess of \$63.5 million (\$1,771 per room) for reinvestment back into GTA's hotel industry in order to maintain the quality of product offered.

The Greater Toronto Hotel Industry achieved a Net Operating Income of \$310 Million in 2004 – or \$8,653 per available room overall. The 2004 operating results were 27% below the results achieved in 2000, when the industry generated \$427 Million in Net Income, equating to \$12,343 per available room. On a per room basis, industry profitability is down by 30%.

In January 2004, the Greater Toronto Hotel industry introduced a voluntary Destination Marketing Fee based on 3% of room revenue. Although the industry's operating statement does not include the Destination Marketing Fee, an estimated \$24.5 Million has been included as part of the overall revenues generated by Greater Toronto's hotel industry and included in the Economic Impact analysis of Hotel Operations.

<b>Table 1-2 GREATER TORONTO HOTEL INDUSTRY 2004 Operating Statement</b>					
	2004 Currency (\$ Millions)	Ratio to Revenue	Per Available Room	Per Occupied Room	
<b>REVENUES</b>					
Rooms	\$1,099	69.2%	\$30,637	\$125.89	
Food	\$317	20.0%	\$8,844	\$36.34	
Beverage	\$73	4.6%	\$2,039	\$8.38	
Telephone	\$19	1.2%	\$529	\$2.17	
Other Operated Departments	\$50	3.2%	\$1,396	\$5.74	
Rental and Other Income	\$30	1.9%	\$838	\$3.44	
<b>Total Revenues</b>	<b>\$1,588</b>	<b>100.0%</b>	<b>\$44,284</b>	<b>\$181.97</b>	
<b>DEPARTMENTAL EXPENSES</b>					
Rooms	\$311	28.3%	\$8,670	\$35.63	
Food and Beverage	\$308	78.9%	\$8,593	\$35.31	
Telephone	\$13	66.5%	\$352	\$1.44	
Other Operated Departments	\$26	51.2%	\$715	\$2.94	
<b>Total Expenses</b>	<b>\$657</b>	<b>41.4%</b>	<b>\$18,329</b>	<b>\$75.32</b>	
<b>TOTAL OPERATING INCOME</b>	<b>\$931</b>	<b>58.6%</b>	<b>\$25,955</b>	<b>\$106.65</b>	
<b>UNDISTRIBUTED OPERATING EXPENSES</b>					
Administrative & General	\$118	7.4%	\$3,291	\$13.52	
Marketing & Guest Entertainment	\$85	5.3%	\$2,367	\$9.73	
Franchise & Management Fees	\$79	5.0%	\$2,214	\$9.10	
Repairs & Maintenance	\$75	4.7%	\$2,086	\$8.57	
Energy	\$64	4.0%	\$1,776	\$7.30	
Other Unallocated Expenses	\$1	0.1%	\$41	\$0.17	
<b>Total Undistributed Expenses</b>	<b>\$422</b>	<b>26.6%</b>	<b>\$11,774</b>	<b>\$48.38</b>	
<b>INCOME BEFORE OTHER FIXED CHGS</b>	<b>\$509</b>	<b>32.0%</b>	<b>\$14,181</b>	<b>\$58.27</b>	
Property Taxes	\$124	7.8%	\$3,467	\$14.24	
Insurance	\$10	0.7%	\$289	\$1.19	
Reserve for Asset Replacement	\$64	4.0%	\$1,771	\$7.28	
<b>Total Property Taxes, Insurance &amp; Reserve</b>	<b>\$198</b>	<b>12.5%</b>	<b>\$5,527</b>	<b>\$22.71</b>	
<b>INCOME BEFORE OTHER FIXED CHGS*</b>	<b>\$311</b>	<b>19.5%</b>	<b>\$8,654</b>	<b>\$35.56</b>	

\* Income before deducting Depreciation, Rent, Interest, Amortization, and Income Taxes  
**Source: PKF Consulting**, based on weighted results for 35,865 rooms in GTA.

1.5 Capital Expenditures of Greater Toronto Hotels in 2004

i) Renovations and Improvements

Based on the weighted results of the *Capital Improvements Survey*, the Greater Toronto Hotel Industry spent over **\$122 Million on property renovations and improvements to the hotel infrastructure in 2004** or \$4,331 for every guest room. On a per available room basis, GTA hotels spent an average of \$2,478 on improvements to their guest rooms, \$440 on public areas and lobbies; \$280 on food and beverage areas; \$479 on structural and mechanical improvements and a further \$31 on the hotel's exterior.

<b>Table 1-3 GREATER TORONTO HOTEL INDUSTRY Capital Expenditures on Property Renovations &amp; Improvements, 2004</b>	
	<b>Per Available Room</b>
Guest Rooms	\$2,478
Food & Beverage	\$280
Meeting Space	\$95
Public Area/Lobby	\$440
Back of House	\$204
Structural/Mechanical	\$479
Exterior	\$31
Other	\$324
<b>Total</b>	<b>\$4,331</b>
Source: PKF Consulting	

ii) New Builds

<b>Table 1-4 GREATER TORONTO HOTEL INDUSTRY Capital Expenditures on New Hotels Added in 2004</b>	
	<b>Per Room</b>
Land	\$16,573
Construction	\$69,607
Furniture, Fixtures & Equipment	\$15,035
Soft Costs	\$11,959
<b>Total</b>	<b>\$113,175</b>
Source: PKF Consulting	

In addition to capital renovations and improvements, the Greater Toronto Hotel Industry also built 4 new hotels offering a further 750 rooms in 2004. Based on industry averages of **\$113,175 per room**, these new properties injected another \$85 Million into the GTA economy, including land costs, construction, furniture, fixtures and equipment and professional fees.

However, it should be noted that for the purposes of an Economic Impact Analysis, the land cost has not included in the Tourism Regional Economic Impact Model, therefore, the benefits associated with land transfer taxes to the provincial government are not included. Excluding land cost, new hotel construction in the Greater Toronto Area generated **\$72 Million** into the provincial economy.

## 1.6 Economic Impacts of the Greater Toronto Hotel Industry

The Greater Toronto Hotel Industry during 2004 generated a total of **\$2.2 Billion of direct spending in Greater Toronto**. Of this amount, close to \$2 Billion was attributed to Operating Business expenditures and \$194 Million to Capital expenditures for renovations and improvements to existing hotels as well as 4 new built hotels in 2004.

The economic impacts of this spending has been calculated at three levels:

- Value Added
- Employment
- Government Revenue

First, the economic impact of Hotel Operating Expenditures has been calculated, followed by the Capital Expenditures, with a summary provided for the Total Economic Impact of both Operations and Capital Improvements.

### A. GREATER TORONTO HOTELS' OPERATING EXPENDITURE IMPACTS

#### 1. Value Added Impacts

Using the operating statement summarized in Table 1-2, a total of **\$1.99 Billion in total revenue** was generated by Greater Toronto hotel operations in 2004.

These expenditures translated specifically into an **estimated \$1.55 Billion share of the Gross Domestic Product (GDP or total value added) for Ontario**, on a direct and indirect basis. Of this, \$1.47 Billion is generated in the Greater Toronto area with the remaining \$81.4 Billion from elsewhere in Ontario.

#### 2. Employment Impacts

Of the \$1.55 Billion of Provincial GDP, **\$617 Million filtered down into wages and salaries** within the province. A total of \$566 Million of wages and salaries was retained within Greater Toronto.

These wages supported the equivalent of **29,822 full-year jobs in Ontario**, 28,013 in Greater Toronto.

#### 3. Revenues to Government

The **total taxes generated for all levels of government attributed to business expenditures were \$642 Million** (\$310 Million in Federal Taxes, \$237 Million in Provincial Taxes and \$95 Million in Municipal Taxes). Business expenditures in Greater Toronto contributed \$617 Million of the total taxes (\$294 Million in Federal Taxes, \$230 Million in Provincial Taxes and \$95 Million in Municipal Taxes).

## **B. EXPENDITURE IMPACTS OF GREATER TORONTO HOTELS' CAPITAL RENOVATIONS AND IMPROVEMENTS**

### **1. Value Added Impacts**

A total of **\$121.7 Million** was spent on capital renovations and improvements to the GTA hotel sector in 2004.

These expenditures translated specifically into an **estimated \$36.4 million share of the Gross Domestic Product (GDP) for Ontario**, \$30.3 million in Greater Toronto.

### **2. Employment Impacts**

Of the \$36.4 million of Provincial GDP, **\$15 million trickled down into wages and salaries within the province**. A total of \$11.3 million of wages and salaries was retained within Greater Toronto.

These wages supported the equivalent of **285 full-year jobs in Ontario**, 208 in Greater Toronto.

### **3. Revenues to Government**

The **total taxes generated for all levels of government attributed to capital expenditures were \$20.8 million** (\$11 million in Federal Taxes, \$9 million in Provincial Taxes and \$0.5 million in Municipal Taxes). Capital expenditures in Greater Toronto contributed \$19.1 million of the total taxes (\$9.8 million in Federal Taxes, \$8.9 million in Provincial Taxes and \$0.4 million in Municipal Taxes).

## **C. EXPENDITURE IMPACTS OF NEW GREATER TORONTO HOTELS BUILT IN 2004**

### **1. Value Added Impacts**

Excluding land costs, an estimated \$72 Million was spent on new hotel construction in 2004, which contributed to an **estimated \$50 Million share of the Gross Domestic Product (GDP) for Ontario**, \$39 million in Greater Toronto.

### **2. Employment Impacts**

Of the \$50 Million of Provincial GDP, **\$36 Million went to wages and salaries within the province**. An estimated \$28.7 million of these wages and salaries was retained within Greater Toronto.

These wages supported **669 full-year jobs in Ontario**, 519 in Greater Toronto.

### **3. Revenues to Government**

The **total taxes generated for all levels of government by new built hotels were \$19 million** (\$12 million in Federal Taxes, \$6 million in Provincial Taxes and \$1 million in Municipal Taxes<sup>1</sup>). Capital expenditures in Greater Toronto contributed \$7 million of the total taxes (\$4 million in Federal Taxes, \$2 million in Provincial Taxes and \$0.8 million in Municipal Taxes).

<sup>1</sup> Does not include land transfer taxes associated with land purchases.

**D. GREATER TORONTO HOTELS' COMBINED OPERATING & CAPITAL EXPENDITURE IMPACTS**

**1. Value Added Impacts**

The total value added (or gross domestic product) associated with the Greater Toronto hotel sector was **\$1.64 Billion** (2004 dollars) on a direct and indirect basis. Of this \$1.64 Billion, \$1.54 Billion was generated in the Greater Toronto Area, with the remaining \$98.7 Million from elsewhere in Ontario.

<b>Table 1-5 GREATER TORONTO HOTEL INDUSTRY Direct and Indirect Employment from Industry Operations and Capital Improvements, 2004 (Full Year Equivalent Jobs)</b>			
	<b>GTA</b>	<b>Rest of Ontario</b>	<b>Total</b>
Direct Jobs	28,063	1,408	29,471
Indirect Jobs	677	628	1,305
<b>Total</b>	<b>28,740</b>	<b>2,036</b>	<b>30,776</b>

Source: Ontario's Tourism Regional Economic Impact Model based on PKF Survey of Toronto Hotels, 2004

**2. Employment Impacts**

Based on the operating and capital expenditures, the Greater Toronto Hotel industry is estimated to have generated **30,776 full-year equivalent jobs** in 2004 – about 0.86 job for every hotel room in the GTA. Table 1-5 summarizes a breakdown of employment generated from industry operations and capital expenditures on a Toronto and province-wide basis.

Total wages and salaries paid, either directly or indirectly, by Greater Toronto Hotels totalled **\$668 Million in 2004**, of which the GTA directly benefited by **\$606 Million**.

**3. Revenues to Government**

<b>Table 1-6 GREATER TORONTO HOTEL INDUSTRY Direct and Indirect Government Revenues from Hotel Operations &amp; Capital Improvements, 2004 (\$000)</b>			
	<b>GTA</b>	<b>Rest of Ontario</b>	<b>Total</b>
Municipal	\$94,784	\$2,342	\$97,125
Provincial	\$243,749	\$8,631	\$252,381
Federal	\$313,202	\$19,177	\$332,379
<b>Total</b>	<b>\$652,035</b>	<b>\$30,150</b>	<b>\$682,185</b>

Source: Ontario's Tourism Regional Economic Impact Model based on PKF Survey of Toronto Hotels, 2004

Annual direct and indirect government revenues from hotel operations and capital improvements totalled **\$682 Million in 2004**, as summarized in Table 1-6. Of the total taxes generated, **\$97.1 Million** in Municipal taxes was generated in the Greater Toronto Area.

## 2.0 CURRENT/HISTORICAL STATE OF THE GREATER TORONTO HOTEL INDUSTRY

### 2.1 Introduction

In updating the Economic Impact Analysis, a number of observations were made about the Greater Toronto Hotel Industry, which provides further insight into its economic relevance to the GTA. The following section provides a summary of the Current/Historical State of the Greater Toronto Hotel Industry, including:

- Market segmentation data on the sources of demand for the Greater Toronto Hotel Industry in 2004, from PKF's *Trends in the Hotel Industry* database;
- Supply changes to the industry over the past 16 years;
- Historical occupancy, average daily rates and revenues per available room achieved in the past 16 years;
- Hotel transactions in the GTA from 1993 to 2004;
- Industry profitability, as measured by Return on Investment and Return on Equity at 3 levels:
  - Net Book Value of the Assets
  - Replacement Cost Value of the Assets
  - Supportable Market Value of the Assets
- Historical trend line on the profitability of the Greater Toronto Hotel Industry over the past 16 years, as measured on a per available room.

### 2.2 Market Segmentation

In 2004, the Corporate/Commercial sector generated over 40% of room night demand for the overall industry, followed by the Leisure segment, which accounted for a further 33% of demand. Demand generated by Meetings and Convention delegates accounted for 17% of overall demand, with the remaining 9% derived through Government and Other sources.

<b>Table 2-1 Market Segmentation, 2004</b>	
<b>Segment</b>	<b>% of Demand</b>
Corporate/Commercial	40.7%
Leisure	33.4%
Meetings/Convention	16.9%
<u>Government/Other</u>	<u>9.0%</u>
<b>Total</b>	<b>100.0%</b>
<i>Source: PKF Consulting, Survey of GTA Hotels</i>	

### 2.3 Historical Supply Changes

During the last 16 years, the Greater Toronto hotel industry has added approximately 7,300 new guest rooms to its inventory base. The majority of these supply additions has occurred over 2 periods: between 1987 and 1991 and between 2000 and 2002.

Since 2000, the industry not only began to witness the impact of further supply additions, but it also underwent several hotel closures, including such projects as:

#### Downtown Toronto:

- The addition of the 155-room Comfort Hotel & Suites and 177-room Grand Hotel & Suites in 2000;
- The opening of the 60-room Old Mill Inn Boutique Hotel in 2001;
- The opening of the 86-room SoHo Grand Hotel and 122-room Le-Germaine des Pres Boutique Hotel in 2003;
- The closure of the 700-room Colony Hotel in May 2003; and
- The opening of the 159-room Pantages Hotel in Spring 2004.

#### Toronto Airport/West:

- The addition of 3 new hotels to the Toronto Airport/West market: Studio 6 (80 rooms); Best Western Admiral Hotel & Suites (92 rooms); and the Motel 6 Brampton (128 rooms) in 2000;
- The opening of the 154-room Marriot Courtyard at Toronto's Airport; Holiday Inn Select Meadowvale (120 rooms); Hilton Garden Inn Mississauga (154 rooms); Motel 6 Mississauga (122 rooms); and 90-room Comfort Inn & Suites at Erin Mills Parkway and QEW.
- The closure of the 192-room Novotel Hotel at Toronto's airport in 2001;
- The addition of the Mississauga Marriott Courtyard (144 rooms) and Residence Inn (108 rooms) in 2002;
- The opening of the 65-room Stay Inn at QEW and Highway 427, and the 149-room Hampton Inn and Suites at Toronto's Airport in 2003;
- The closure of the 710-room Regal Constellation and the 250-room Delta Toronto Airport Hotel in 2003;
- The re-opening of the Renaissance Toronto Airport (former Delta Toronto Airport) and opening of the 107-room Monte Carlo Brampton and 170-room Fairfield Inn at Toronto's Airport in 2004.

Table 2-2 GREATER TORONTO HOTEL INDUSTRY Growth in Supply, 1989 – 2004		
	Rooms	% Change
1989	28,543	
1990	31,307	9.7%
1991	33,129	5.8%
1992	33,129	0.0%
1993	32,981	-0.4%
1994	32,981	0.0%
1995	32,981	0.0%
1996	32,971	0.0%
1997	32,801	-0.5%
1998	32,781	-0.1%
1999	33,088	0.9%
2000	34,608	4.6%
2001	35,176	1.6%
2002	35,963	2.2%
2003	35,692	-0.7%
2004	35,865	0.5%

Source: PKF Consulting



### Toronto East/North:

- Four new properties added to the Toronto East/North market in 2000: the 93-room Holiday Inn Express, Whitby; 124-room Motel 6 Whitby; Super 8 North York (85 rooms); and Staybridge Suites in Markham (119 rooms); as well as a 13-room expansion to Comfort Inn Pickering;
- The opening of the 74-room Hilton Suites in Markham; 80-room Monte Carlo Inn; and 61-room Days Inn Lakeshore in 2001;
- The downsizing of the Howard Johnson Plaza at Keele and Highway 401 by 186-rooms in 2001;
- The opening of the 144-room Marriott Courtyard in Vaughan; the 144-room Marriott Courtyard and 100-room Residence Inn in Markham; and 109-room Hilton Garden Inn Markham in 2002; and
- The opening of the 64-room Super 8 Ajax in 2003.

Between 2000 and 2004, 34 hotels were added to Toronto's hotel inventory, while at the same time, 5 hotels were closed either permanently or temporarily for renovation. The net impact of hotel additions and closures in the Greater Toronto Area has resulted in a further 1,257 rooms added to Toronto's hotel inventory, equating to a total inventory of 35,865 rooms in 2004.

## 2.5 Historical Operating Trends

Table 2-3 provides a historical summary of the occupancy and rate performance of the industry over the past 16 years. With the addition of 4,500 new hotel rooms added to Toronto's hotel supply between 1989 and 1991, occupancy rates plummeted from 70.8% in 1989 to 56.9% in 1992. The

Year	Occupancy	ADR	% Chg	REVPAR	% Chg
1989	70.8%	\$97.17		\$68.80	
1990	65.8%	\$101.98	5.0%	\$67.10	(2.5%)
1991	56.8%	\$90.66	(11.1%)	\$51.49	(23.3%)
1992	56.9%	\$86.82	(4.2%)	\$49.40	(4.1%)
1993	60.0%	\$87.22	0.5%	\$52.33	5.9%
1994	66.0%	\$87.71	0.6%	\$57.89	10.6%
1995	68.2%	\$89.68	2.2%	\$61.16	5.7%
1996	69.4%	\$95.34	6.3%	\$66.17	8.2%
1997	71.6%	\$102.40	7.4%	\$73.32	10.8%
1998	73.7%	\$112.44	9.8%	\$82.87	13.0%
1999	72.9%	\$120.85	7.5%	\$88.10	6.3%
2000	70.7%	\$128.37	6.2%	\$90.76	3.0%
2001	65.7%	\$128.71	0.3%	\$84.58	(6.8%)
2002	64.1%	\$130.40	1.3%	\$83.61	(1.1%)
2003	57.9%	\$121.64	-6.7%	\$70.43	(15.8%)
2004	65.9%	\$127.91	5.2%	\$84.29	19.7%

*Source: PKF Consulting, National Trends in the Hotel Industry, Annual Operations Reports*

lack of new supply and consistent demand growth during the remainder of the 1990's, resulted in stronger occupancy levels in the 70 to 73% range. Average Daily Rates also rebounded during the 1990's from a low of \$86.82 in 1992 to \$128.37 in 2000. The industry saw double digit RevPar growth (Revenue per Available Room) in 1994, 1997 and 1998.

However, the new millennium has not been kind to the hotel industry, with Toronto suffering from the impacts of multiple disasters, namely 9/11; Iraq War; and SARS. Since 2000, occupancy levels have fallen from 70.7% to a low of 57.9% in 2003, before rebounding somewhat to 65.9% in 2004. Average daily rates during the past four years have not yet recovered

to 2000 levels, while RevPar levels bottomed in 2003 to \$70.43 – results realized during the mid 1990's. In 2004, the GTA Hotel Industry achieved a RevPar of \$84.29, close to 20% higher than 2003, but still \$6.50 below results attained in 2000.

## 2.6 Hotel Transactions – 2000 to 2004

From 2000 to 2004, 33 accommodation properties were sold in the GTA marketplace, representing a total of 5,802 rooms. The overall transaction volume for the period was close to \$332 Million. Table 2-5 provides a historical summary of the transaction activity over the past five years, while Appendix D provides details on the individual hotels traded since 1996.

As can be seen from the summary, with the exception of 2000 when there were only 3 transactions, the industry has been averaging 7 or 8 transactions per year over the past four years. Based on the historical transaction activity between **2000 and 2004, the average price per hotel unit in the GTA was \$57,217**, 20% below the average sale price between 1996 and 2000, which was \$71,675 per room.

<b>Table 2-4 GREATER TORONTO HOTEL INDUSTRY Summary of Transaction Activity, 2000 to 2004</b>			
<b>Year</b>	<b>Transaction Volume</b>	<b># of Trades</b>	<b>Average Price Per Room</b>
2000	\$18.450 M	3	\$59,516
2001	\$121.510 M	8	\$61,774
2002	\$36.350 M	7	\$66,697
2003	\$87.654 M	8	\$74,095
2004	\$68.012 M	7	\$37,847
<b>Total</b>	<b>\$331.976 M</b>	<b>33</b>	<b>\$57,217</b>

*Source: PKF Consulting, based on various Hotel Realtor Reports, including Colliers International, HVS, Royal Le Page*

## 2.7 Industry Profitability

### 1. Fixed Asset Value

Based on the results of the *Capital Investment and Hotel Value Survey*, the average fixed asset value of hotels in the Greater Toronto Area was estimated at **\$100,024 per room in 2004**. Over 75% of the value is attributable to buildings, with 13% of the value assigned to land and 11% to chattels (Table 2-5).

Results of the *Operating and Hotel Value Surveys* suggest that the profitability of the Toronto Hotel Industry in 2004 provided moderate **returns on equity averaging 11.1% and an average return on investment of 8.7%**. Although these returns are somewhat higher than those experienced in the mid 1990's, when the industry was highly leveraged, and net operating incomes were much lower, due to lagging Average Daily Rates, they are well below the 15.6% return on equity achieved in 2000. Table 2-6 provides an analysis of investor returns, based of the following key assumptions:

<b>Table 2-5 Fixed Asset Value of the Greater Toronto Hotel Industry, 2004</b>	
	<b>Per Room</b>
Land	\$13,391
Buildings	\$75,295
Chattels	\$11,339
<b>Total</b>	<b>\$100,024</b>

*Source: PKF, based on Capital Investment and Hotel Value Survey*

- **Value per room** was generated based on the average Fixed Asset Values provided in the Capital Investment and Hotel Value Survey (\$100,024);
- **Debt per room** was based on the average long term debt per room, provided in the Capital Investment and Hotel Value Survey (\$60,000);
- **Profit before debt service** and after a 4.0% replacement reserve, was based on the Operating Results of Greater Toronto Hotels (\$8,653);
- **Cost of debt** is assumed to be 7.0%;
- **Net profit** is calculated as the profit before debt service, including the replacement reserve less the cost of debt; and
- **Equity return** is net profit divided by the equity component of the hotel value (\$40,010).

Table 2-6 GREATER TORONTO HOTEL INDUSTRY Estimated Return on Investment and Equity						
Value Per Room	Debt per Room	Profit Before Debt Service	Cost of Debt	Net Profit	Return on Investment	Return on Equity
\$100,024	\$60,014	\$8,653	\$4,201	\$4,449	8.7%	11.1%
<i>Source: PKF Consulting, based on Operating and Capital Investment Surveys</i>						

## 2. Replacement Cost Value

Based on industry trends, the replacement cost of the Greater Toronto Hotel industry has been estimated at **\$190,000 per room**. Depending on location and the type of property, replacement construction costs vary from a high of \$300,000 per room for luxury/upscale properties in the downtown core, to \$96,000 per room for suburban limited service properties. Replacement Cost Estimates by property type and location have been summarized in Table 2-7. Appendix E provides an analysis of the replacement cost estimates by property type and location.

Table 2-7 GREATER TORONTO HOTEL INDUSTRY Replacement Cost Estimates, 2004	
Type of Property	\$ Per Room
Limited Service Suburban	\$96,000
Mid Service Suburban	\$121,000
Upscale Suburban	\$155,000
Mid Service Downtown	\$189,000
Upscale/Luxury Downtown	\$300,000
<b>GTA Hotel Average</b>	<b>\$190,000</b>
<i>Source: PKF Consulting Estimates</i>	

## 3. Supportable Market Value of the Assets

Based on the analysis, the notional value of the Greater Toronto hotel industry off cash flow is estimated at **\$72,000 to \$79,000 per available room** --- suggesting an \$115,000 gap between the industry's supportable value and its replacement cost. This is not to say that there is no potential for hotel development in the Greater Toronto market. Market and economic factors have supported development of limited service hotel development in the suburban markets, while higher capital costs and poor returns have restricted upscale suburban hotel development as well as mid and upscale/luxury hotel development in the downtown core.

Table 2-8 GREATER TORONTO HOTEL INDUSTRY Notional Value Off Cash Flow, 2004				
Total Net Income of GTA Hotel Industry, 2004	Ratio to Revenue	Net Income Per Available Room	@ 11% Capitalization Rate Per Available Room	@ 12% Capitalization Rate Per Available Room
<b>\$310,356,356</b>	<b>19.5%</b>	<b>\$8,653</b>	<b>\$78,668</b>	<b>\$72,112</b>

*Source: PKF Consulting, based on Operating and Capital Investment Hotel Surveys*

## 2.8 Historical Profitability of the Greater Toronto Hotel Industry

The Year 2000 marked the 8<sup>th</sup> consecutive year of increased profitability in the Greater Toronto Hotel industry, with income before fixed charges 25 times higher in 2000 than results experienced in 1993. The Net Income Per Available Room (before other fixed charges) was \$12,344 per available room as compared to the 1993 results of \$477 per room.

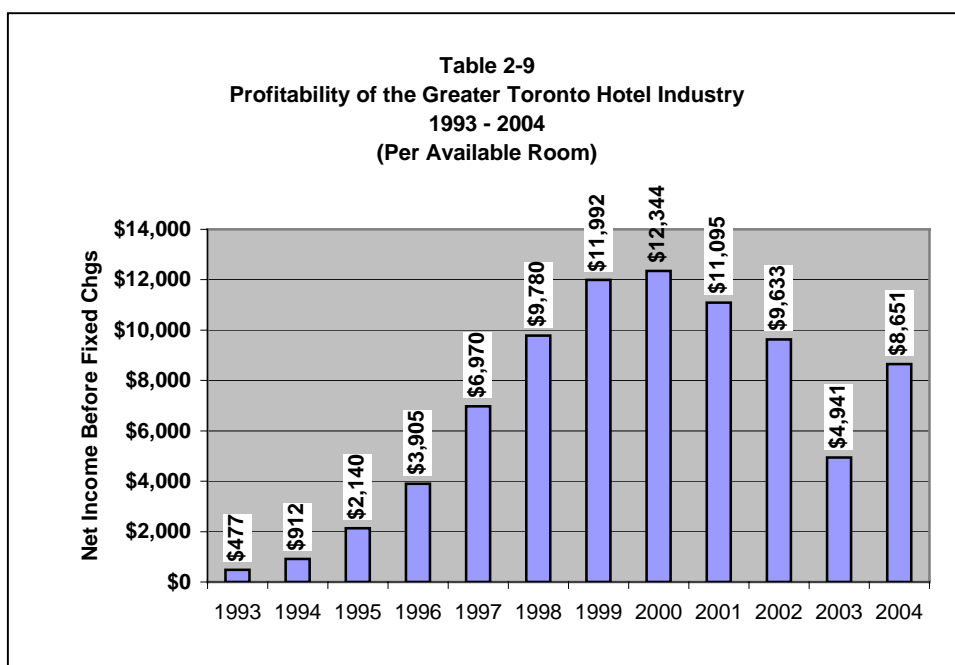
Since the new millennium, the GTA hotel industry has faced one setback after another, including the

9/11 terrorist attacks in 2001, the Iraq War and SARS in 2003, all of which undermined the industry's ability to maintain 2000 performance levels. In 2003, profitability per available room fell to \$4,941 per available room, approximately 60% below levels achieved in 2000. Although 2004 was deemed to be the "year of recovery", at a net profit of \$8,651 per available room, the Greater Toronto hotel industry is still 30% below levels 5 years ago.

Although total revenues have climbed from \$31,067 per room in 1993 to \$49,832 per room in 2000, the "perfect storm" of 2003 witnessed a drastic reduction in revenues to \$39,077 per room. While 2004 saw a modest improvement in total revenues to \$44,283 per room, this is the same level as experienced by the Toronto hotel industry 8 years ago in 1997.

In 1993, when the industry was at a low, Property Taxes and Insurance at \$4,365 per room consumed 14.1% of revenues. While property taxes remain high, this situation has improved, with Property Taxes and Insurance at \$3,756 per room in 2004, representing 8.5% of revenues.

Appendix F provides the historical operating results for the Greater Toronto Hotel Industry from 1993 to 2004.



In summary, increased room supply, coupled with the uncontrollable circumstances over the last few years – September 11<sup>th</sup> terrorist attacks, the Iraq War and the SARS Crisis – have all had a major impact on bottom line profitability of the Greater Toronto hotel industry. While demand levels are recovering, this has been offset by lower than expected improvement in average daily rates.

As the Greater Toronto hotel industry closes 2005 and moves into 2006, continued increases in demand will be offset by continued increases in supply, with only marginal improvements in occupancy and average daily rates expected.

## Appendix A: Economic Impact Methodology<sup>2</sup>

TREIM is a regional economic impact model using the latest Ontario Input-Output Table and data from the Ontario Economic Accounts to estimate the Gross Domestic Products (GDP), number of jobs and taxes generated from tourism-related activities in the province. The information produced by this model enables the evaluation of the significance or the impact of tourism on the local economy and the comparison of the tourism industry to other industries in terms of GDP, employment and taxes.

The Ontario Ministry of Tourism and Recreation has developed TREIM and made it available to the public since the early 1980s.

Briefly, the purpose of TREIM is to calculate both the provincial and regional economic activity generated by spending associated with the hotel industry in Greater Toronto. The economic impacts are calculated on the basis of capital and operating expenditures on goods, services and employee salaries, and on the basis of tourist spending within a designated tourism sector. The elements used to measure the economic impacts are Gross Domestic Product (GDP), Employment, Taxes, Industry Output and Imports. TREIM measures the direct, indirect & induced effects for each of these elements.

The statistical accuracy of TREIM itself is harder to quantify since the quality of the Statistics Canada's Input-Output Accounts—which are used by TREIM—cannot be meaningfully determined in absolute terms. Quality assurance is, however, a necessary and integral part of building the Input-Output Accounts as they form an integral part of the Canadian System of National Accounts (CSNA).

The methodology, the Ontario Input-Output Table and other economic data of the TREIM are reviewed and updated annually to reflect the latest information and to ensure that the model remains accurate. The current model is based on the 1999 Ontario Input-Output Table and all the other economic data are up to 2002 or 2003 from the Ontario Economic Accounts. The model also makes use of the economic data forecast to 2008 by The Centre of Spatial Economics.

The impact phases measured by TREIM are:

### **Direct Impacts.**

Refers to the impact generated in businesses or sectors that produce or provide goods and services directly to travelers. For example, Accommodations, restaurants, recreations, travel agents, transportation and retail enterprises.

### **Indirect Impacts.**

Refers to the impacts resulting from the expansion of demand from businesses or sectors that directly produce or provide goods and services to travelers, and to other businesses or sectors.

### **Induced Impacts.**

Refers to the impact associated with the re-spending of labour income (household spending) and/or profits earned in the industries (business investment) that serve travelers directly or indirectly.

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<sup>2</sup> Source: Ontario Ministry of Tourism

Outputs from the model include the economic benefits of the Greater Toronto Hotel industry at the Toronto CMA level and the Rest of the Province level, in terms of:

- Gross Domestic Product (\$ Millions)
- Labour Income (\$ Millions)
- Employment (jobs)
- Direct Taxes (\$ Millions)
- Total Taxes (\$ Millions)

## Appendix B: Glossary of Terms<sup>3</sup>

The total economic impacts following the spending by tourism expenditures captured within an area. Not all of the impacts are retained in the area since part of these benefits will leak into regions due to imports.

### **Gross Domestic Product(GDP)**

Value of goods and services produced by labour and capital located within a country (or region), regardless of nationality of labour or ownership.

### **Direct Impact**

The impact that the tourism expenditures generate on tourism front-line businesses (or tourism-related sectors).

### **Indirect Impact**

Refers to the impact resulting from the expansion of demand from tourism front-line businesses or tourism-related sectors, to other businesses or sectors.

### **Induced Impact**

Refers to the impact associated with the re-spending of labour income and /or profits earned in the industries that serve travellers directly and indirectly.

### **Jobs generated by tourism**

Include full-time, part-time, seasonal employment, as well as both employed and self-employed.

### **Federal tax revenues**

Include personal income tax, corporate income tax, commodity tax (GST) and payroll deduction that collected by the federal government.

### **Provincial tax revenues**

Include personal income tax, corporate income tax, commodity tax (PST, gasoline tax, fuel tax and tobacco tax), and employer health tax that collected by Ontario provincial government.

### **Municipal tax revenues**

Include business and personal property taxes that collected by the municipalities.

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<sup>3</sup> Source: Ontario Ministry of Tourism



## **Tourism Expenditures**

Tourism expenditures include visitor expenditures and those that have been allocated to the point of origin. The "point of origin expenditures" are the amounts of money spent by Canadian travellers on transportation before going on a trip outside their provinces (or census divisions or travel regions) of residence, which are assumed to have taken place at the location of origin of the trip and not at the locations visited, e.g. in the case of a same-day trip, the expenditures on vehicle rental, vehicle operation and intercity transportation, while in the case of an overnight trip, they are the expenditures on vehicle rental and intercity transportation.

## **Tourism front-line businesses or tourism-related sectors**

The businesses or sectors that sell products and services directly to travellers, e.g. accommodations, restaurants, recreations, travel agents, transportation and retail enterprises etc. Although these sectors or businesses supply the goods and services consumed by travellers, they also supply goods and services consumed by non-travellers. As such, not all of these businesses' or sectors' revenues and jobs are attributable to tourism expenditures.

The Ontario Ministry of Tourism and Recreation classifies the following industries at NAICS 6-digit level as the Tourism-related Sectors.

The North American Industry Classification System (NAICS) has been developed in 1997 by the three North American Free Trade Agreement (NAFTA) trading partners to classify businesses throughout the three countries according to their activity(ies) and appears in Statistics Canada's products as of December 1998. The NAICS structure is the following: 2 digits / Sectors (20); 3 digits / Sub-sectors (99); 4 digits / Industry groups (321); 6 digits / National industries (931)

### **Accommodation**

- NAICS 721111 - Hotels
- NAICS 721112 - Motor Hotels
- NAICS 721113 - Resorts
- NAICS 721114 - Motels
- NAICS 721120 - Casino Hotels
- NAICS 721191 - Bed and Breakfast
- NAICS 721192 - Housekeeping Cottages and Cabins
- NAICS 721198 - All Other Traveller Accommodation
- NAICS 721211 - RV (Recreational Vehicle) Parks and Campgrounds
- NAICS 721212 - Hunting and Fishing Camps
- NAICS 721213 - Recreational (except Hunting and Fishing) and Vacation Camps

### **Car and Vehicle Rental**

- NAICS 532111 - Passenger Car Rental
- NAICS 532120 - Truck, Utility Trailer and RV (Recreational Vehicle) Rental and Leasing

### **Food & Beverage Services**

- NAICS 722110 - Full-Service Restaurants
- NAICS 722210 - Limited-Service Eating Places
- NAICS 722320 - Caterers
- NAICS 722330 - Mobile Food Services
- NAICS 722410 - Drinking Places (Alcoholic Beverages)

### **Other Services**

- NAICS 491110 - Postal Service
- NAICS 492110 - Couriers
- NAICS 513310 - Wired Telecommunications Carriers

NAICS 513320 - Wireless Telecommunications Carriers (except Satellite)  
 NAICS 522111 - Personal and Commercial Banking Industry  
 NAICS 811111 - General Automotive Repair  
 NAICS 811192 - Car Washes  
 NAICS 812114 - Barber Shops  
 NAICS 812115 - Beauty Salons  
 NAICS 812116 - Unisex Hair Salons  
 NAICS 812190 - Other Personal Care Services  
 NAICS 812310 - Coin-Operated Laundries and Dry Cleaners  
 NAICS 812320 - Dry Cleaning and Laundry Services (except Coin-Operated)  
 NAICS 812910 - Pet Care (except Veterinary) Services  
 NAICS 812921 - Photo Finishing Laboratories (except One-Hour)  
 NAICS 812922 - One-Hour Photo Finishing  
 NAICS 812930 - Parking Lots and Garages  
 NAICS 812990 - All Other Personal Services

#### **Recreation & Entertainment**

NAICS 512130 - Motion Picture and Video Exhibition  
 NAICS 711111 - Theatre (except Musical) Companies  
 NAICS 711112 - Musical Theatre and Opera Companies  
 NAICS 711120 - Dance Companies  
 NAICS 711190 - Other Performing Arts Companies  
 NAICS 711211 - Sports Teams and Clubs  
 NAICS 711213 - Horse Race Tracks  
 NAICS 711218 - Other Spectator Sports  
 NAICS 711311 - Live Theatres and Other Performing Arts Presenters with Facilities  
 NAICS 711319 - Sports Stadiums and Other Presenters with Facilities  
 NAICS 712111 - Non-Commercial Art Museums and Galleries  
 NAICS 712119 - Museums (except Art Museums and Galleries)  
 NAICS 712120 - Historic and Heritage Sites  
 NAICS 712130 - Zoos and Botanical Gardens  
 NAICS 712190 - Other Heritage Institutions  
 NAICS 713110 - Amusement and Theme Parks  
 NAICS 713120 - Amusement Arcades  
 NAICS 713210 - Casinos (except Casino Hotels)  
 NAICS 713299 - All Other Gambling Industries  
 NAICS 713910 - Golf Courses and Country Clubs  
 NAICS 713920 - Skiing Facilities  
 NAICS 713930 - Marinas  
 NAICS 713940 - Fitness and Recreational Sports Centres  
 NAICS 713950 - Bowling Centres  
 NAICS 713990 - All Other Amusement and Recreation Industries

#### **Retail**

NAICS 441210 - Recreational Vehicle Dealers  
 NAICS 441220 - Motorcycle, Boat and Other Motor Vehicle Dealers  
 NAICS 443110 - Appliance, Television and Other Electronics Stores  
 NAICS 443120 - Computer and Software Stores  
 NAICS 443130 - Camera and Photographic Supplies Stores  
 NAICS 445110 - Supermarkets and Other Grocery (except Convenience) Stores  
 NAICS 445120 - Convenience Stores  
 NAICS 445210 - Meat Markets  
 NAICS 445220 - Fish and Seafood Markets  
 NAICS 445230 - Fruit and Vegetable Markets  
 NAICS 445291 - Baked Goods Stores  
 NAICS 445292 - Confectionery and Nut Stores  
 NAICS 445299 - All Other Specialty Food Stores

NAICS 445310 - Beer, Wine and Liquor Stores  
 NAICS 446110 - Pharmacies and Drug Stores  
 NAICS 446120 - Cosmetics, Beauty Supplies and Perfume Stores  
 NAICS 446130 - Optical Goods Stores  
 NAICS 446191 - Food (Health) Supplement Stores  
 NAICS 446199 - All Other Health and Personal Care Stores  
 NAICS 447110 - Gasoline Stations with Convenience Stores  
 NAICS 447190 - Other Gasoline Stations  
 NAICS 448110 - Men's Clothing Stores  
 NAICS 448120 - Women's Clothing Stores  
 NAICS 448130 - Children's and Infants' Clothing Stores  
 NAICS 448140 - Family Clothing Stores  
 NAICS 448150 - Clothing Accessories Stores  
 NAICS 448191 - Fur Stores  
 NAICS 448199 - All Other Clothing Stores  
 NAICS 448210 - Shoe Stores  
 NAICS 448310 - Jewellery Stores  
 NAICS 448320 - Luggage and Leather Goods Stores  
 NAICS 451110 - Sporting Goods Stores  
 NAICS 451120 - Hobby, Toy and Game Stores  
 NAICS 451130 - Sewing, Needlework and Piece Goods Stores  
 NAICS 451140 - Musical Instrument and Supplies Stores  
 NAICS 451210 - Book Stores and News Dealers  
 NAICS 451220 - Pre-Recorded Tape, Compact Disc and Record Stores  
 NAICS 452110 - Department Stores  
 NAICS 452910 - Warehouse Clubs and Superstores  
 NAICS 452991 - Home and Auto Supplies Stores  
 NAICS 452999 - All Other Miscellaneous General Merchandise Stores  
 NAICS 453110 - Florists  
 NAICS 453210 - Office Supplies and Stationery Stores  
 NAICS 453220 - Gift, Novelty and Souvenir Stores  
 NAICS 453310 - Used Merchandise Stores  
 NAICS 453910 - Pet and Pet Supplies Stores  
 NAICS 453920 - Art Dealers  
 NAICS 453930 - Manufactured (Mobile) Home Dealers  
 NAICS 453992 - Beer and Wine-Making Supplies Stores  
 NAICS 453999 - All Other Miscellaneous Store Retailers (except Beer and Wine-Making Supplies Stores)  
 NAICS 454210 - Vending Machine Operators  
 NAICS 454390 - Other Direct Selling Establishments

#### **Transportation**

NAICS 481110 - Scheduled Air Transportation  
 NAICS 481214 - Non-Scheduled Chartered Air Transportation  
 NAICS 482114 - Passenger Rail Transportation  
 NAICS 483115 - Deep Sea, Coastal and Great Lakes Water Transportation (except by Ferries)  
 NAICS 483116 - Deep Sea, Coastal and Great Lakes Water Transportation by Ferries  
 NAICS 483213 - Inland Water Transportation (except by Ferries)  
 NAICS 483214 - Inland Water Transportation by Ferries  
 NAICS 485110 - Urban Transit Systems  
 NAICS 485210 - Interurban and Rural Bus Transportation  
 NAICS 485310 - Taxi Service  
 NAICS 485320 - Limousine Service  
 NAICS 485510 - Charter Bus Industry  
 NAICS 485990 - Other Transit and Ground Passenger Transportation  
 NAICS 487110 - Scenic and Sightseeing Transportation, Land

NAICS 487210 - Scenic and Sightseeing Transportation, Water  
 NAICS 487990 - Scenic and Sightseeing Transportation, Other

#### **Travel Services**

NAICS 561510 - Travel Agencies  
 NAICS 561520 - Tour Operators  
 NAICS 561590 - Other Travel Arrangement and Reservation Services

### **Visitor Expenditures**

Spending by all incoming visitors, excluding those that have been allocated to the point of origin. The "point of origin expenditures" are the amounts of money spent by Canadian travellers on transportation before going on a trip outside their provinces (or census divisions or travel regions) of residence, which are assumed to have taken place at the location of origin of the trip and not at the locations visited, e.g. in the case of a same-day trip, the expenditures on vehicle rental, vehicle operation and intercity transportation, while in the case of an overnight trip, they are the expenditures on vehicle rental and intercity transportation.

For visitors in census divisions in Ontario, visitor expenditures exclude any point of origin expenditures. For visitors in travel regions in Ontario, visitor expenditures include the point of origin expenditures by residents of the travel regions travelling in their own travel regions. For visitors in Ontario, visitor expenditures include the point of origin expenditures by Ontario residents travelling in Ontario.

For domestic visitors, the expenditures are broken down in the following categories: vehicle rental, vehicle operation, local transportation, inter-city transportation, accommodation, food or beverage purchased at stores during the trips, food and beverage purchased at restaurants or bars, recreation and entertainment, clothing and other expenditures. The following items are exclude:

- food purchased before the trip for use while on the trip;
- items purchased to be resold or used in business(include items used on farm);
- vehicles such as cars, caravans, boats;
- capital investment such as real estate, work of arts, rare articles and stocks;
- cash given to friends or relatives during a trip which does not represent payment of goods or service consumed during trip, as well as donations made to institutions.

For international visitors, the expenditures are broken down into the following categories: Transport in Canada (public and local transportation, private transportation), accommodation, food and beverage, recreation and entertainment, retail and others, international transport on Canadian carriers.

## **Appendix C: Detailed Economic Impact Tables**

The following tables were generated from Ontario's Tourism Regional Economic Impact Model of Hotel Operating Expenditures, Capital Improvement Expenditures and Capital Cost Expenditures. For a description of the terminology used, please refer to Appendix B: Glossary of Terms.

Economic Impact of Hotel Operations in Toronto (CMA 35535): 2004

	Impact on Toronto (CMA 35535)				Impact on Rest of Province			
	Total	Direct	Indirect	Induced	Total	Direct	Indirect	Induced
<b>Summary</b>								
Gross Output (incl. imports)	\$1,990,557,271				\$201,723,372	\$46,198,125	\$35,241,543	\$120,283,705
Gross Domestic Product	\$1,676,573,049				\$123,967,581	\$30,137,641	\$21,002,793	\$72,827,147
Labour Income	\$663,983,642	\$537,166,279	\$28,629,427	\$98,187,936	\$4,437	1,357	452	1,627
Employment	29,894	27,467	546	1,881				
Government Tax Revenue	\$718,800,020	\$601,175,237	\$16,136,867	\$101,487,916	\$66,340,578	\$14,157,144	\$10,875,398	\$41,308,036
<b>Value Added (\$)</b>								
Crop and Animal Production	\$1,928,966	\$1,414,685	\$326,525	\$187,757	\$13,609,973	\$10,244,073	\$1,619,459	\$1,746,442
Forestry and Logging	\$36,309	\$0	\$11,999	\$24,310	\$467,297	\$0	\$161,586	\$305,711
Fishing, Hunting and Trapping	\$2,879	\$947	\$1,088	\$844	\$24,279	\$7,809	\$6,143	\$10,328
Support Activities for Agriculture	\$33,725	\$0	\$18,490	\$15,236	\$187,057	\$0	\$79,932	\$107,125
Mining and Oil and Gas Extraction	\$241,760	\$0	\$134,903	\$106,857	\$554,489	\$0	\$222,323	\$332,166
Utilities	\$7,450,450	\$0	\$2,941,096	\$4,509,355	\$6,727,083	\$0	\$1,778,831	\$4,948,252
Construction	\$18,596,239	\$0	\$1,065,130	\$17,531,109	\$3,301,899	\$0	\$800,811	\$2,501,088
Manufacturing	\$28,165,527	\$9,421,360	\$9,806,727	\$8,937,440	\$26,770,283	\$7,899,817	\$6,693,913	\$12,176,553
Wholesale Trade	\$9,501,187	\$127,914	\$3,827,915	\$5,545,358	\$11,564,854	\$94,640	\$2,752,376	\$8,717,838
Retail Trade	\$13,894,835	\$0	\$1,326,198	\$12,568,636	\$10,525,443	\$0	\$863,714	\$9,661,729
Transportation and Warehousing	\$5,564,374	\$0	\$1,748,191	\$3,816,183	\$10,306,436	\$0	\$2,502,423	\$7,804,013
Information and Cultural Industries	\$5,963,051	\$0	\$1,767,960	\$4,195,091	\$10,092,028	\$0	\$2,235,185	\$7,856,843
Finance, Insurance, Real Estate	\$98,558,070	\$0	\$19,044,819	\$79,513,250	\$39,648,274	\$0	\$8,337,088	\$31,311,186
Professional, Scientific and Technical	\$7,610,079	\$0	\$3,071,948	\$4,538,131	\$8,790,742	\$0	\$2,573,942	\$6,216,800
Administrative and Other Services	\$4,388,770	\$0	\$1,612,552	\$2,776,218	\$4,733,055	\$0	\$1,283,233	\$3,449,823
Education Services	\$413,535	\$0	\$37,440	\$376,095	\$429,787	\$0	\$27,482	\$402,305
Health Care and Social Assistance	\$4,270,330	\$0	\$77,198	\$4,193,132	\$3,648,425	\$0	\$149,680	\$3,498,746
Arts, Entertainment and Recreation	\$1,986,693	\$0	\$489,640	\$1,497,053	\$1,794,207	\$0	\$354,479	\$1,439,728
Accommodation and Food Services	\$1,413,428,447	\$1,408,803,870	\$1,238,511	\$3,386,067	\$35,256,354	\$27,951,786	\$1,054,925	\$6,249,643
Other Services (Except Public Administration)	\$4,183,538	\$0	\$923,866	\$3,259,671	\$3,664,050	\$0	\$726,656	\$2,937,395
Operating, Office, Cafeteria, and Travel & Entertainment, Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation Margins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Profit Institutions Serving Household	\$5,950,417	\$0	\$145,693	\$5,804,725	\$1,422,530	\$0	\$111,704	\$1,310,826
Government Sector	\$4,650,732	\$0	\$1,147,181	\$3,503,551	\$4,543,460	\$0	\$905,659	\$3,637,802
<b>Total</b>	\$1,676,573,049	\$1,419,768,775	\$50,765,071	\$206,039,203	\$201,723,372	\$46,198,125	\$35,241,543	\$120,283,705
<b>Memo Items:</b>								
Accommodation	\$1,408,803,870	\$1,408,803,870	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Places	\$4,624,577	\$0	\$1,238,511	\$3,386,067	\$35,256,354	\$27,951,786	\$1,054,925	\$6,249,643
Exogenous Indirect Taxes	\$39,753,136	\$0	\$0	\$39,753,136	\$3,661,367	\$0	\$0	\$3,661,367
<b>Labour Income (\$)</b>								
Crop and Animal Production	\$842,729	\$618,049	\$142,652	\$82,027	\$5,945,939	\$4,475,441	\$707,511	\$762,987
Forestry and Logging	\$23,424	\$0	\$7,741	\$15,683	\$301,464	\$0	\$104,243	\$197,221
Fishing, Hunting and Trapping	\$2,191	\$721	\$828	\$642	\$18,481	\$5,944	\$4,676	\$7,861
Support Activities for Agriculture	\$32,292	\$0	\$17,704	\$14,588	\$179,108	\$0	\$76,535	\$102,572
Mining and Oil and Gas Extraction	\$111,393	\$0	\$62,158	\$49,235	\$255,485	\$0	\$102,437	\$153,048
Utilities	\$2,422,034	\$0	\$956,108	\$1,465,926	\$2,186,878	\$0	\$578,272	\$1,608,605
Construction	\$15,126,796	\$0	\$866,412	\$14,260,383	\$2,685,874	\$0	\$651,406	\$2,034,467
Manufacturing	\$15,252,717	\$5,102,029	\$5,310,720	\$4,839,968	\$14,497,139	\$4,278,055	\$3,625,011	\$6,594,072
Wholesale Trade	\$6,902,684	\$92,931	\$2,781,009	\$4,028,744	\$8,401,953	\$68,757	\$1,999,622	\$6,333,575
Retail Trade	\$11,258,306	\$0	\$1,074,554	\$10,183,752	\$8,528,253	\$0	\$699,826	\$7,828,427
Transportation and Warehousing	\$3,910,002	\$0	\$1,228,428	\$2,681,574	\$7,242,179	\$0	\$1,758,415	\$5,483,764
Information and Cultural Industries	\$3,150,656	\$0	\$934,125	\$2,216,531	\$5,332,255	\$0	\$1,180,989	\$4,151,265
Finance, Insurance, Real Estate	\$40,765,302	\$0	\$7,877,263	\$32,888,039	\$16,399,204	\$0	\$3,448,362	\$12,950,842
Professional, Scientific and Technical	\$6,707,405	\$0	\$2,707,567	\$3,999,837	\$7,748,022	\$0	\$2,268,632	\$5,479,390
Administrative and Other Services	\$3,619,774	\$0	\$1,330,002	\$2,289,772	\$3,903,734	\$0	\$1,058,386	\$2,845,348
Education Services	\$397,423	\$0	\$35,981	\$361,441	\$413,041	\$0	\$26,411	\$386,630
Health Care and Social Assistance	\$3,885,098	\$0	\$70,234	\$3,814,864	\$3,319,237	\$0	\$136,177	\$3,183,060
Arts, Entertainment and Recreation	\$1,502,697	\$0	\$370,354	\$1,132,343	\$1,357,105	\$0	\$268,121	\$1,088,984
Accommodation and Food Services	\$534,878,163	\$531,352,550	\$944,196	\$2,581,416	\$26,878,186	\$21,309,444	\$804,237	\$4,784,504
Other Services (Except Public Administration)	\$3,584,275	\$0	\$791,529	\$2,792,746	\$3,139,201	\$0	\$622,567	\$2,516,633
Operating, Office, Cafeteria, and Travel & Entertainment, Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation Margins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Profit Institutions Serving Household	\$5,626,834	\$0	\$137,770	\$5,489,064	\$1,345,173	\$0	\$105,629	\$1,239,543
Government Sector	\$3,981,448	\$0	\$982,091	\$2,999,357	\$3,889,614	\$0	\$775,326	\$3,114,288
<b>Total</b>	\$663,983,642	\$537,166,279	\$28,629,427	\$98,187,936	\$123,967,581	\$30,137,641	\$21,002,793	\$72,827,147
<b>Memo Items:</b>								
Accommodation	\$428,666,972	\$428,666,972	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Places	\$3,117,529	\$0	\$834,907	\$2,282,622	\$23,767,081	\$18,842,912	\$711,148	\$4,213,021
Exogenous Indirect Taxes								
<b>Employment (Number of Jobs)</b>								
Crop and Animal Production	\$49	\$36	\$8	\$5	\$345	\$260	\$41	\$44
Forestry and Logging	\$0	\$0	\$0	\$0	\$5	\$0	\$2	\$3
Fishing, Hunting and Trapping	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0
Support Activities for Agriculture	\$1	\$0	\$0	\$0	\$4	\$0	\$2	\$2
Mining and Oil and Gas Extraction	\$2	\$0	\$1	\$1	\$4	\$0	\$1	\$2
Utilities	\$31	\$0	\$12	\$19	\$28	\$0	\$7	\$21
Construction	\$265	\$0	\$15	\$250	\$47	\$0	\$11	\$36
Manufacturing	\$298	\$100	\$104	\$95	\$283	\$84	\$71	\$129
Wholesale Trade	\$120	\$2	\$48	\$70	\$146	\$1	\$35	\$110
Retail Trade	\$399	\$0	\$38	\$361	\$302	\$0	\$25	\$278
Transportation and Warehousing	\$104	\$0	\$33	\$71	\$193	\$0	\$47	\$146
Information and Cultural Industries	\$50	\$0	\$15	\$35	\$65	\$0	\$19	\$46
Finance, Insurance, Real Estate	\$415	\$0	\$80	\$335	\$167	\$0	\$35	\$132
Professional, Scientific and Technical	\$123	\$0	\$50	\$73	\$142	\$0	\$42	\$101
Administrative and Other Services	\$106	\$0	\$39	\$67	\$114	\$0	\$31	\$83
Education Services	13	0	1	12	13	0	1	13
Health Care and Social Assistance	52	0	1	51	45	0	2	43
Arts, Entertainment and Recreation	47	0	12	36	43	0	8	34
Accommodation and Food Services	27,498	27,330	45	123	1,277	1,013	38	226
Other Services (Except Public Administration)	106	0	23	83	93	0	18	75
Operating, Office, Cafeteria, and Travel & Entertainment, Advertising	0	0	0	0	0	0	0	0
Transportation Margins	0	0	0	0	0	0	0	0
Non-Profit Institutions Serving Household	149	0	4	145	36	0	3	33
Government Sector	65	0	16	49	63	0	13	51
<b>Total</b>	29,894	27,467	546	1,881	3,437	1,357	452	1,627
<b>Memo Items:</b>								
Accommodation	27,330	27,330	0	0	0	0	0	0
Food Services & Drinking Places	168	0	45	123	1,277	1,013	38	226
Exogenous Indirect Taxes								
<b>Government Tax Revenue (\$)</b>								
Total Tax Revenue	\$718,800,020	\$601,175,237	\$16,136,867	\$101,487,916	\$66,340,578	\$14,157,144	\$10,875,398	\$41,308,036
Total Federal Government Taxes	\$337,761,877	\$284,318,397	\$9,643,505	\$43,799,976	\$39,699,982	\$9,113,878	\$6,737,888	\$23,848,216
Personal Income Tax	\$55,969,416	\$45,235,144	\$2,420,921	\$8,313,350	\$10,475,820	\$2,542,849	\$1,774,924	\$6,158,047
Corporate Income Tax	\$146,060,570	\$126,716,121	\$4,524,005	\$14,820,444	\$17,650,911	\$4,116,964	\$3,140,530	\$10,393,417
Other Direct	\$17,743	\$14,340	\$767	\$2,635	\$3,321	\$806	\$563	\$1,952
Social Insurance	\$5,567,124	\$4,654,595	\$214,608	\$697,921	\$953,692	\$245,808	\$161,513	\$546,568
CPP	\$31,289,001	\$26,146,706	\$1,204,593	\$3,917,702	\$5,353,148	\$1,379,713	\$905,451	\$3,067,984
Indirect Tax	\$98,878,024	\$81,551,490	\$1,278,610	\$16,047,924	\$5,263,090	\$827,738	\$755,105	\$3,680,248
Total Provincial Government Taxes	\$267,130,374	\$225,495,883	\$4,659,186	\$36,975,304	\$19,779,477	\$4,101,194	\$3,111,936	\$12,566,347
Personal Income Tax	\$22,805,475	\$18,431,589	\$986,453	\$3,387,433	\$4,268,580	\$1,036,135	\$723,229	\$2,509,217
Corporate Income Tax	\$34,276,333	\$29,732,688	\$1,062,667	\$3,480,979	\$4,146,060	\$967,604	\$737,708	\$2,441,289
Other Direct	\$2,193,894	\$1,773,133	\$94,895	\$325,866	\$410,630	\$99,674	\$69,573	\$241,383
Social Insurance	\$6,071,889	\$5,077,094	\$233,946	\$760,850	\$1,038,638	\$267,956	\$175,849	\$595,832
Indirect Tax	\$201,782,783	\$170,481,380	\$2,281,226	\$29,020,177	\$9,914,569	\$1,730,365	\$1,405,577	\$6,778,627
Total Municipal Government Taxes	\$113,907,769	\$91,360,957	\$1,834,176	\$20,712,636	\$6,861,118	\$942,072	\$1,025,574	\$4,893,472
Other Direct	\$396,753	\$320,667	\$17,160	\$58,927	\$74,254	\$18,024	\$12,581	\$43,649
Indirect Tax	\$113,511,016	\$91,040,290	\$1,817,016	\$20,653,710	\$6,786,864	\$924,048	\$1,012,993	\$4,849,823

**Economic Impact of New Hotel Construction in Toronto (CMA 35535): 2004**

	Impact on Toronto (CMA 35535)				Impact on Rest of Province			
	Total	Direct	Indirect	Induced	Total	Direct	Indirect	Induced
<b>Summary</b>								
Capital Spending	\$72,452,107							
Gross Domestic Product	\$51,213,362	\$32,455,144	\$6,872,683	\$11,885,535	\$21,063,293	\$2,521,820	\$8,575,399	\$9,966,074
Labour Income	\$34,529,853	\$24,317,437	\$4,415,863	\$5,796,554	\$13,177,373	\$1,845,780	\$5,469,575	\$5,862,017
Employment	630	432	87	111	279	37	113	130
Government Tax Revenue	\$21,644,883	\$13,578,614	\$2,075,017	\$5,991,252	\$7,080,767	\$781,788	\$2,576,267	\$3,722,711
<b>Value Added (\$)</b>								
Crop and Animal Production	\$29,138	\$0	\$18,054	\$11,084	\$314,147	\$0	\$203,323	\$110,824
Forestry and Logging	\$20,744	\$0	\$19,309	\$1,435	\$72,219	\$0	\$52,417	\$19,801
Fishing, Hunting and Trapping	\$50	\$0	\$0	\$50	\$903	\$0	\$47	\$856
Support Activities for Agriculture and Mining and Oil and Gas Extraction	\$2,305	\$0	\$1,406	\$899	\$18,787	\$0	\$11,965	\$6,823
Utilities	\$55,031	\$0	\$48,722	\$6,308	\$193,784	\$0	\$171,149	\$22,634
Construction	\$353,916	\$0	\$87,705	\$266,211	\$553,181	\$0	\$174,522	\$378,659
Manufacturing	\$27,817,471	\$26,721,540	\$60,976	\$1,034,954	\$396,539	\$0	\$73,062	\$323,477
Wholesale Trade	\$3,012,132	\$597,297	\$1,887,211	\$527,624	\$3,025,493	\$125,010	\$2,040,762	\$889,720
Retail Trade	\$1,114,943	\$3,249	\$784,322	\$327,372	\$1,755,727	\$684	\$1,144,784	\$610,259
Transportation and Warehousing	\$349,845	\$10	\$207,842	\$741,993	\$1,039,232	\$4	\$184,044	\$855,234
Information and Cultural Industries	\$446,285	\$0	\$222,995	\$225,289	\$1,043,344	\$0	\$512,349	\$530,995
Finance, Insurance, Real Estate and Professional, Scientific and Technical	\$838,241	\$268,407	\$322,175	\$247,659	\$1,293,836	\$211,541	\$532,806	\$549,488
Administrative and Other Support	\$6,564,141	\$626,838	\$1,243,215	\$4,694,088	\$4,642,457	\$494,034	\$1,272,204	\$2,876,219
Education Services	\$2,814,374	\$1,505,015	\$1,041,448	\$267,910	\$2,732,880	\$1,186,158	\$1,113,723	\$432,999
Health Care and Social Assistance	\$1,209,502	\$639,976	\$405,631	\$163,895	\$1,203,646	\$504,388	\$450,168	\$249,089
Arts, Entertainment and Recreation	\$26,911	\$0	\$4,708	\$22,203	\$41,844	\$0	\$7,690	\$34,154
Accommodation and Food Services	\$262,415	\$0	\$14,872	\$247,543	\$327,221	\$0	\$34,876	\$292,345
Other Services (Except Public Admin)	\$155,436	\$0	\$67,057	\$88,379	\$192,253	\$0	\$76,019	\$116,234
Operating, Office, Cafeteria, and Lab	\$234,558	\$0	\$34,660	\$199,897	\$607,008	\$0	\$105,210	\$501,798
Travel & Entertainment, Advertising & Transportation Margins	\$334,641	\$0	\$142,205	\$192,436	\$403,147	\$0	\$165,137	\$238,011
Non-Profit Institutions Serving House	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Government Sector	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$362,061	\$0	\$19,377	\$342,684	\$169,168	\$0	\$24,600	\$144,568
Memo Items:	\$445,625	\$0	\$238,791	\$206,833	\$510,758	\$0	\$224,541	\$286,217
Accommodation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Places	\$234,558	\$0	\$34,660	\$199,897	\$607,008	\$0	\$105,210	\$501,798
Exogenous Indirect Taxes	\$4,161,599	\$2,092,811	\$0	\$2,068,788	\$525,668	\$0	\$20	\$525,668
<b>Labour Income (\$)</b>								
Crop and Animal Production	\$12,730	\$0	\$7,888	\$4,843	\$137,245	\$0	\$88,828	\$48,417
Forestry and Logging	\$13,382	\$0	\$12,456	\$926	\$46,590	\$0	\$33,816	\$12,774
Fishing, Hunting and Trapping	\$38	\$0	\$0	\$38	\$688	\$0	\$36	\$652
Support Activities for Agriculture and Mining and Oil and Gas Extraction	\$2,207	\$0	\$1,346	\$861	\$17,989	\$0	\$11,456	\$6,533
Utilities	\$25,356	\$0	\$22,449	\$2,907	\$99,287	\$0	\$78,858	\$20,429
Construction	\$115,053	\$0	\$28,512	\$86,541	\$179,831	\$0	\$56,735	\$123,097
Manufacturing	\$22,627,650	\$21,736,184	\$49,600	\$841,866	\$322,558	\$0	\$59,431	\$263,127
Wholesale Trade	\$1,631,185	\$323,459	\$1,021,997	\$285,729	\$1,638,421	\$67,698	\$1,105,151	\$465,672
Retail Trade	\$810,015	\$2,361	\$569,816	\$237,838	\$1,275,549	\$497	\$831,694	\$443,358
Transportation and Warehousing	\$769,613	\$8	\$168,404	\$601,201	\$842,079	\$3	\$149,122	\$692,954
Information and Cultural Industries	\$315,003	\$0	\$156,696	\$158,308	\$733,142	\$0	\$360,020	\$373,122
Finance, Insurance, Real Estate and Professional, Scientific and Technical	\$442,895	\$141,816	\$170,225	\$130,854	\$683,615	\$111,771	\$281,515	\$290,329
Administrative and Other Support	\$2,715,041	\$259,271	\$514,215	\$1,941,555	\$1,920,199	\$204,341	\$526,205	\$1,189,653
Education Services	\$2,480,545	\$1,326,497	\$917,916	\$236,132	\$2,408,718	\$1,045,461	\$981,618	\$381,639
Health Care and Social Assistance	\$997,574	\$527,840	\$334,557	\$135,177	\$992,744	\$416,010	\$371,290	\$205,444
Arts, Entertainment and Recreation	\$25,862	\$0	\$4,525	\$21,338	\$40,214	\$0	\$7,390	\$32,824
Accommodation and Food Services	\$238,742	\$0	\$13,531	\$225,212	\$297,702	\$0	\$31,730	\$265,973
Other Services (Except Public Admin)	\$117,569	\$0	\$50,720	\$66,848	\$145,417	\$0	\$57,500	\$87,917
Operating, Office, Cafeteria, and Lab	\$178,818	\$0	\$26,424	\$152,395	\$462,761	\$0	\$80,209	\$382,553
Travel & Entertainment, Advertising & Transportation Margins	\$286,706	\$0	\$121,835	\$164,871	\$345,399	\$0	\$141,482	\$203,917
Non-Profit Institutions Serving House	\$342,372	\$0	\$18,323	\$324,049	\$159,969	\$0	\$23,262	\$136,707
Government Sector	\$381,495	\$0	\$204,427	\$177,068	\$437,255	\$0	\$192,228	\$245,028
Total	\$34,529,853	\$24,317,437	\$4,415,863	\$5,796,554	\$13,177,373	\$1,845,780	\$5,469,575	\$5,862,017
<b>Memo Items:</b>								
Accommodation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Places	\$158,120	\$0	\$23,365	\$134,755	\$409,198	\$0	\$70,925	\$338,273
Exogenous Indirect Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Employment (Number of Jobs)</b>								
Crop and Animal Production	1	0	0	0	8	0	5	3
Forestry and Logging	0	0	0	0	1	0	1	0
Fishing, Hunting and Trapping	0	0	0	0	0	0	0	0
Support Activities for Agriculture and Mining and Oil and Gas Extraction	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	1	0	1	0
Construction	1	0	0	1	2	0	1	2
Manufacturing	396	381	1	15	6	0	1	5
Wholesale Trade	32	6	20	6	32	1	22	9
Retail Trade	14	0	10	4	22	0	14	8
Transportation and Warehousing	27	0	6	21	30	0	5	25
Information and Cultural Industries	8	0	4	4	19	0	10	10
Finance, Insurance, Real Estate and Professional, Scientific and Technical	7	2	3	2	11	2	5	5
Administrative and Other Support	28	3	5	20	20	2	5	12
Education Services	46	24	17	4	44	19	18	7
Health Care and Social Assistance	29	15	10	4	29	12	11	6
Arts, Entertainment and Recreation	1	0	0	1	1	0	0	1
Accommodation and Food Services	3	0	0	3	4	0	0	4
Other Services (Except Public Admin)	4	0	2	2	5	0	2	3
Operating, Office, Cafeteria, and Lab	8	0	1	7	22	0	4	18
Travel & Entertainment, Advertising & Transportation Margins	8	0	4	5	10	0	4	6
Non-Profit Institutions Serving House	0	0	0	0	0	0	0	0
Government Sector	0	0	0	0	0	0	0	0
Total	630	432	87	111	279	37	113	130
<b>Memo Items:</b>								
Accommodation	0	0	0	0	0	0	0	0
Food Services & Drinking Places	8	0	1	7	22	0	4	18
Exogenous Indirect Taxes	0	0	0	0	0	0	0	0
<b>Government Tax Revenue (\$)</b>								
Total Tax Revenue	\$21,644,883	\$13,578,614	\$2,075,017	\$5,991,252	\$7,080,767	\$781,788	\$2,576,267	\$3,722,711
Total Federal Government Taxes	\$12,039,169	\$8,119,177	\$1,334,365	\$2,585,627	\$4,188,901	\$510,838	\$1,659,374	\$2,018,689
Personal Income Tax	\$2,920,304	\$2,056,440	\$373,066	\$490,799	\$1,114,033	\$156,211	\$462,017	\$495,805
Corporate Income Tax	\$4,192,956	\$2,705,724	\$612,440	\$874,793	\$1,830,152	\$224,724	\$764,173	\$841,255
Other Direct	\$926	\$652	\$118	\$156	\$353	\$50	\$146	\$157
Social Insurance	\$257,329	\$181,793	\$34,330	\$41,206	\$99,722	\$13,379	\$42,769	\$43,574
CPP	\$1,444,363	\$1,020,395	\$192,688	\$231,280	\$559,721	\$75,095	\$240,051	\$244,574
Indirect Tax	\$3,223,290	\$2,154,173	\$121,723	\$947,394	\$584,921	\$41,379	\$150,217	\$393,324
Total Provincial Government Taxes	\$7,195,418	\$4,435,849	\$576,721	\$2,182,848	\$2,119,542	\$213,528	\$720,018	\$1,185,995
Personal Income Tax	\$1,189,937	\$837,938	\$152,013	\$199,986	\$453,936	\$63,651	\$188,258	\$202,026
Corporate Income Tax	\$984,928	\$635,572	\$143,864	\$205,492	\$429,909	\$52,789	\$179,507	\$197,614
Other Direct	\$114,470	\$80,608	\$14,623	\$19,238	\$43,668	\$6,123	\$18,110	\$19,435
Social Insurance	\$280,513	\$198,172	\$37,423	\$44,918	\$108,705	\$14,585	\$46,621	\$47,499
Indirect Tax	\$4,625,571	\$2,683,559	\$228,797	\$1,713,215	\$1,083,324	\$76,380	\$287,522	\$719,422
Total Municipal Government Taxes	\$2,410,296	\$1,023,589	\$163,931	\$1,222,777	\$772,324	\$57,422	\$196,876	\$518,026
Other Direct	\$20,699	\$14,576	\$2,644	\$3,479	\$7,896	\$1,107	\$3,275	\$3,514
Indirect Tax	\$2,389,597	\$1,009,012	\$161,287	\$1,219,298	\$764,428	\$56,315	\$193,601	\$514,512

**Economic Impact of Hotel Renovations in Toronto (CMA 35535): 2004**

	Impact on Toronto (CMA 35535)				Impact on Rest of Province			
	Total	Direct	Indirect	Induced	Total	Direct	Indirect	Induced
<b>Summary</b>								
Capital Spending	\$121,691,928							
Gross Domestic Product	\$34,818,491	\$26,678,021	\$3,608,602	\$4,531,868	\$10,464,911	\$1,356,237	\$4,812,547	\$4,296,128
Labour Income	\$13,487,350	\$9,050,706	\$2,238,550	\$2,198,094	\$6,217,485	\$736,700	\$2,982,402	\$2,498,383
Employment	251	164	44	42	133	14	63	55
Government Tax Revenue	\$21,341,564	\$18,002,372	\$1,067,268	\$2,271,923	\$3,396,357	\$337,581	\$1,421,592	\$1,637,184
<b>Value Added (\$)</b>								
Crop and Animal Production	\$22,282	\$0	\$18,079	\$4,203	\$258,339	\$0	\$214,835	\$43,504
Forestry and Logging	\$8,338	\$0	\$7,794	\$544	\$75,569	\$0	\$67,737	\$7,832
Fishing, Hunting and Trapping	\$19	\$0	\$0	\$19	\$408	\$0	\$41	\$367
Support Activities for Agriculture	\$1,541	\$0	\$1,200	\$341	\$14,237	\$0	\$11,555	\$2,682
Mining and Oil and Gas Extract	\$47,833	\$0	\$45,441	\$2,392	\$100,577	\$0	\$91,478	\$9,098
Utilities	\$205,057	\$0	\$104,108	\$100,949	\$319,100	\$0	\$160,307	\$158,793
Construction	\$7,932,737	\$7,487,271	\$53,005	\$392,462	\$199,681	\$0	\$46,261	\$153,420
Manufacturing	\$6,809,440	\$5,376,049	\$1,233,312	\$2,000,079	\$3,023,631	\$1,321,095	\$1,351,387	\$351,149
Wholesale Trade	\$522,713	\$40,251	\$358,321	\$124,142	\$838,552	\$13,626	\$576,350	\$248,576
Retail Trade	\$358,836	\$84	\$77,393	\$281,369	\$455,837	\$30	\$81,467	\$374,339
Transportation and Warehouse	\$213,167	\$0	\$127,735	\$85,431	\$517,628	\$0	\$303,402	\$214,226
Information and Cultural Indust	\$281,394	\$37,218	\$150,262	\$93,914	\$500,051	\$21,485	\$254,796	\$223,770
Finance, Insurance, Real Estate	\$2,369,914	\$0	\$589,883	\$1,780,031	\$1,894,919	\$0	\$624,253	\$1,270,666
Professional, Scientific and Tec	\$534,578	\$0	\$432,985	\$101,593	\$669,877	\$0	\$493,709	\$176,168
Administrative and and Other S	\$241,661	\$0	\$179,511	\$62,150	\$314,389	\$0	\$211,798	\$102,590
Education Services	\$10,037	\$0	\$1,617	\$8,419	\$17,513	\$0	\$2,743	\$14,769
Health Care and Social Assist	\$100,227	\$0	\$6,357	\$93,870	\$142,702	\$0	\$16,764	\$125,938
Arts, Entertainment and Recrea	\$64,449	\$0	\$30,935	\$33,514	\$87,669	\$0	\$38,112	\$49,557
Accommodation and Food Serv	\$96,489	\$0	\$20,687	\$75,803	\$274,341	\$0	\$60,995	\$213,346
Other Services (Except Public A	\$138,614	\$0	\$65,641	\$72,973	\$187,194	\$0	\$85,579	\$101,615
Operating, Office, Cafeteria, an	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel & Entertainment, Advert	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation Margins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Profit Institutions Serving H	\$138,593	\$0	\$8,645	\$129,948	\$78,298	\$0	\$11,724	\$66,574
Government Sector	\$174,132	\$0	\$95,700	\$78,433	\$228,349	\$0	\$107,253	\$121,095
Total	\$34,818,491	\$26,678,021	\$3,608,602	\$4,531,868	\$10,464,911	\$1,356,237	\$4,812,547	\$4,296,128
<b>Memo Items:</b>								
Accommodation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Pl	\$96,489	\$0	\$20,687	\$75,803	\$274,341	\$0	\$60,995	\$213,346
Exogenous Indirect Taxes	\$14,546,437	\$13,737,149	\$0	\$809,288	\$266,052	\$0	\$0	\$266,052
<b>Labour Income (\$)</b>								
Crop and Animal Production	\$9,735	\$0	\$7,898	\$1,836	\$112,863	\$0	\$93,857	\$19,006
Forestry and Logging	\$5,379	\$0	\$5,028	\$351	\$48,751	\$0	\$43,698	\$5,053
Fishing, Hunting and Trapping	\$15	\$0	\$0	\$14	\$311	\$0	\$31	\$279
Support Activities for Agriculture	\$1,475	\$0	\$1,149	\$327	\$13,632	\$0	\$11,064	\$2,568
Mining and Oil and Gas Extract	\$22,039	\$0	\$20,937	\$1,102	\$46,342	\$0	\$42,149	\$4,192
Utilities	\$66,861	\$0	\$33,844	\$32,817	\$103,735	\$0	\$52,114	\$51,621
Construction	\$6,452,751	\$6,090,394	\$43,116	\$319,241	\$162,427	\$0	\$37,631	\$124,797
Manufacturing	\$3,687,574	\$2,911,338	\$667,886	\$108,350	\$1,637,413	\$715,424	\$731,828	\$190,161
Wholesale Trade	\$379,755	\$29,242	\$260,323	\$90,190	\$609,214	\$9,899	\$418,723	\$180,592
Retail Trade	\$290,748	\$68	\$62,700	\$227,980	\$369,342	\$25	\$66,009	\$303,309
Transportation and Warehouse	\$149,789	\$0	\$89,758	\$60,031	\$363,730	\$0	\$213,196	\$150,533
Information and Cultural Indust	\$148,678	\$19,665	\$79,393	\$49,621	\$264,209	\$11,352	\$134,625	\$118,232
Finance, Insurance, Real Estate	\$980,237	\$0	\$243,986	\$736,251	\$783,771	\$0	\$258,202	\$525,569
Professional, Scientific and Tec	\$471,169	\$0	\$381,626	\$89,543	\$590,419	\$0	\$435,147	\$155,272
Administrative and and Other S	\$199,318	\$0	\$148,057	\$51,260	\$259,302	\$0	\$174,687	\$84,615
Education Services	\$9,645	\$0	\$1,554	\$8,091	\$16,830	\$0	\$2,636	\$14,194
Health Care and Social Assist	\$91,186	\$0	\$5,784	\$85,402	\$129,829	\$0	\$15,252	\$114,577
Arts, Entertainment and Recrea	\$48,748	\$0	\$23,399	\$25,349	\$66,311	\$0	\$28,827	\$37,484
Accommodation and Food Serv	\$73,560	\$0	\$15,771	\$57,789	\$209,148	\$0	\$46,500	\$162,648
Other Services (Except Public A	\$118,759	\$0	\$56,239	\$62,520	\$160,380	\$0	\$73,321	\$87,059
Operating, Office, Cafeteria, an	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel & Entertainment, Advert	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation Margins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Profit Institutions Serving H	\$131,056	\$0	\$8,175	\$122,881	\$74,040	\$0	\$11,086	\$62,954
Government Sector	\$149,073	\$0	\$81,928	\$67,145	\$195,487	\$0	\$91,819	\$103,669
Total	\$13,487,350	\$9,050,706	\$2,238,550	\$2,198,094	\$6,217,485	\$736,700	\$2,982,402	\$2,498,383
<b>Memo Items:</b>								
Accommodation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Food Services & Drinking Pl	\$65,046	\$0	\$13,945	\$51,100	\$184,939	\$0	\$41,118	\$143,821
Exogenous Indirect Taxes								
<b>Employment (Number of Jobs)</b>								
Crop and Animal Production	1	0	0	0	7	0	5	1
Forestry and Logging	0	0	0	0	1	0	1	0
Fishing, Hunting and Trapping	0	0	0	0	0	0	0	0
Support Activities for Agriculture	0	0	0	0	0	0	0	0
Mining and Oil and Gas Extract	0	0	0	0	1	0	1	0
Utilities	1	0	0	0	1	0	1	1
Construction	113	107	1	6	3	0	1	2
Manufacturing	72	57	13	2	32	14	14	4
Wholesale Trade	7	1	5	2	11	0	7	3
Retail Trade	10	0	2	8	13	0	2	11
Transportation and Warehouse	4	0	2	2	10	0	6	4
Information and Cultural Indust	2	0	1	1	4	0	2	2
Finance, Insurance, Real Estate	10	0	2	8	8	0	3	5
Professional, Scientific and Tec	9	0	7	2	11	0	8	3
Administrative and and Other S	6	0	4	1	8	0	5	2
Education Services	0	0	0	0	1	0	0	0
Health Care and Social Assist	1	0	0	1	2	0	0	2
Arts, Entertainment and Recrea	2	0	1	1	2	0	1	1
Accommodation and Food Serv	3	0	1	3	10	0	2	8
Other Services (Except Public A	4	0	2	2	5	0	2	3
Operating, Office, Cafeteria, an	0	0	0	0	0	0	0	0
Travel & Entertainment, Advert	0	0	0	0	0	0	0	0
Transportation Margins	0	0	0	0	0	0	0	0
Non-Profit Institutions Serving H	3	0	0	3	2	0	0	2
Government Sector	2	0	1	1	3	0	1	2
Total	251	164	44	42	133	14	63	55
<b>Memo Items:</b>								
Accommodation	0	0	0	0	0	0	0	0
Food Services & Drinking Pl	3	0	1	3	10	0	2	8
Exogenous Indirect Taxes								
<b>Government Tax Revenue (\$)</b>								
Total Tax Revenue	\$21,341,564	\$18,002,372	\$1,067,268	\$2,271,923	\$3,396,357	\$337,581	\$1,421,592	\$1,637,184
Total Federal Government Tax	\$10,767,020	\$9,097,700	\$688,833	\$980,486	\$2,027,781	\$236,651	\$918,172	\$872,958
Personal Income Tax	\$1,139,587	\$764,408	\$189,065	\$186,115	\$25,266	\$62,061	\$251,878	\$211,327
Corporate Income Tax	\$1,806,492	\$1,153,197	\$321,569	\$331,726	\$908,839	\$120,856	\$428,855	\$359,127
Other Direct	\$361	\$242	\$60	\$59	\$167	\$20	\$80	\$67
Social Insurance	\$104,374	\$71,150	\$17,598	\$15,626	\$48,360	\$6,357	\$23,485	\$18,518
CPP	\$585,830	\$399,352	\$98,775	\$87,703	\$271,432	\$35,679	\$131,816	\$103,937
Indirect Tax	\$7,130,376	\$6,709,351	\$61,766	\$359,258	\$273,718	\$11,678	\$82,057	\$179,982
Total Provincial Government Tax	\$9,709,552	\$8,585,704	\$296,097	\$827,751	\$1,012,451	\$87,453	\$397,335	\$527,664
Personal Income Tax	\$464,348	\$311,474	\$77,038	\$75,836	\$214,031	\$25,288	\$102,633	\$86,109
Corporate Income Tax	\$424,350	\$270,889	\$75,538	\$77,924	\$213,490	\$28,390	\$100,740	\$84,360
Other Direct	\$44,669	\$29,963	\$7,411	\$7,295	\$20,589	\$2,433	\$9,873	\$8,284
Social Insurance	\$113,775	\$77,559	\$19,183	\$17,033	\$52,716	\$6,929	\$25,600	\$20,186
Indirect Tax	\$8,662,409	\$7,895,820	\$116,926	\$649,663	\$511,626	\$24,413	\$158,489	\$328,724
Total Municipal Government Tax	\$864,993	\$318,969	\$82,339	\$463,686	\$356,125	\$13,477	\$106,085	\$236,563
Other Direct	\$8,077	\$5,418	\$1,340	\$1,319	\$3,723	\$440	\$1,785	\$1,498
Indirect Tax	\$856,915	\$313,550	\$80,998	\$462,366	\$352,402	\$13,037	\$104,300	\$235,065



## **Appendix D: GREATER TORONTO HOTEL INDUSTRY Transaction History, 1996 – 2004**

**Appendix D: GREATER TORONTO HOTEL INDUSTRY Transaction History, 1996 – 2004**

**GREATER TORONTO HOTEL INDUSTRY  
Hotel Transaction History, 1996 - 2004**

<b>Year</b>	<b>Hotel</b>	<b>Rooms</b>	<b>Sale Price</b>	<b>Unit Price</b>	<b>Yield</b>	
<b>1996</b>	Inn on the Park	568	\$12,309,500	\$21,672	-14.0%	
	Radisson Hotel Plaza II	256	\$16,000,000	\$62,500	na	
	Delta Meadowvale	374	\$33,700,000	\$90,107	10.5%	
	Sheraton Parkway Toronto North	308	\$22,787,641	\$73,986	10.8%	
	Best Western Parkway Inn	116	\$8,582,358	\$73,986	10.8%	
	Radisson Suites Toronto Airport	218	\$16,000,000	\$73,394	7.7%	
	Best Western Roehampton Hotel	110	\$4,500,000	\$40,909	1.3%	
	Park Plaza Hotel & Office Tower	258	\$22,750,000	\$88,178	4.4%	
	Travelodge Hotel Toronto Airport	175	\$4,640,000	\$26,514	7.9%	
	Bristol Place Hotel	287	\$22,920,000	\$79,861	6.2%	
	Travelodge Toronto West	228	\$6,684,257	\$29,317	na	
	Travelodge Toronto East	158	\$4,632,073	\$29,317	na	
	Travelodge Toronto North	183	\$5,364,996	\$29,317	na	
	Four Seasons Hotel	380	\$50,000,000	\$131,579	na	
	Quality Hotel Airport Toronto East	214	\$5,600,000	\$26,168	na	
	Quality Hotel Airport Toronto	138	\$4,700,000	\$34,058	na	
	Delta Chelsea Inn	1,594	\$125,000,000	\$78,419	10.6%	
	Ramada Don Valley	280	\$9,940,000	\$35,500	1.5%	
	Toronto Airport Marriott Hotel	424	\$43,052,632	\$101,539	7.7%	
	<i>Subtotal 1996</i>		6,269	\$419,163,457	\$66,863	
<b>1997</b>	Lido Motel Scarborough	75	\$2,000,000	\$26,667	15.0%	
	Days Inn Hotel Mississauga	61	\$2,150,000	\$35,246	na	
	Super 8 Brampton	136	\$3,660,848	\$26,918	na	
	Super 8 Mississauga	129	\$3,472,422	\$26,918	na	
	Inn on the Lake	154	\$4,500,000	\$29,221	5.9%	
	Dodge Suites Toronto Airport	189	\$17,500,000	\$92,593	9.2%	
	Holiday Inn Toronto Airport	444	\$50,000,000	\$112,613	na	
	Howard Johnson Westbury Hotel	546	\$14,000,000	\$25,641	-0.7%	
	Toronto Hilton Hotel	601	\$50,000,000	\$83,195	5.6%	
	Holiday Inn Toronto West	132	\$9,000,000	\$68,182	9.3%	
	Hotel Selby	67	\$1,980,000	\$29,552	15.8%	
	International Plaza Hotel	415	\$22,250,000	\$53,614	2.8%	
	Royal York Hotel	1,365	\$204,815,520	\$150,048	na	
	Ramada 427 Toronto Airport	180	\$6,500,000	\$36,111	2.6%	
	Inn on the Park	568	\$48,999,818	\$86,267	7.0%	
	Howard Johnson Toronto Airport	175	\$6,325,000	\$36,143	12.9%	
	<i>Subtotal 1997</i>		5,237	\$447,153,608	\$85,384	
	<b>1998</b>	Comfort Inn Airport West	121	\$5,993,493	\$49,533	na
Comfort Inn Brampton		108	\$5,349,584	\$49,533	na	
Quality Suites Whitby		90	\$4,457,970	\$49,533	na	
Travelodge North York		183	\$11,258,160	\$61,520	na	
Travelodge Hotel Scarborough		158	\$9,720,160	\$61,520	na	
Travelodge Mississauga		228	\$14,026,560	\$61,520	na	
Venture Inn Toronto Airport		283	\$23,000,000	\$81,272	9.1%	
Days Inn Hotel		202	\$12,740,000	\$63,069	8.5%	
Delta Toronto Airport		250	\$17,000,000	\$68,000	5.4%	
Sheraton Four Points Mississauga		296	\$28,977,000	\$97,895	6.6%	
Sheraton Toronto East		368	\$36,023,000	\$97,889	na	
Howard Johnson Aurora		98	\$3,700,000	\$37,755	na	
Radisson Don Valley Toronto East		354	\$23,200,000	\$65,537	2.2%	
Novotel North York		260	\$15,402,000	\$59,238	9.1%	
Clarion Essex Park		102	\$8,249,996	\$80,882	7.4%	
Quality Hotel & Suites Toronto		192	\$9,200,000	\$47,917	10.9%	
Howard Johnson Plaza North York		380	\$12,000,000	\$31,579	10.5%	
Strathcona Hotel		194	\$8,500,000	\$43,814	9.7%	
<i>Subtotal 1998</i>			3,867	\$248,797,923	\$64,339	
<b>1999</b>	Quality Suites Toronto Airport	254	\$19,300,000	\$75,984	12.2%	
	Park Plaza Hotel (Park Hyatt)	350	\$107,690,000	\$307,686	na	
	Glenerin Inn	39	\$6,650,000	\$170,513	10.5%	
	Renaissance Toronto Hotel	346	\$33,500,000	\$96,821	4.1%	
	Carlingview Inn	112	\$8,000,000	\$71,429	10.0%	

	<i>Subtotal 1999</i>	1,101	\$175,140,000	\$159,074	
<b>2000</b>	Gladstone Hotel	60	\$2,250,000	\$37,500	13.0%
	Super 8 Vaughan	85	\$5,350,000	\$62,941	na
	Best Western Sunset Inn	165	\$10,850,000	\$65,758	12.7%
	<i>Subtotal 2000</i>	310	\$18,450,000	\$59,516	
<b>2001</b>	Drake Hotel	23	\$860,000	\$37,391	na
	CIBC Training Centre (formerly King Ranch Resort)	na	na	na	na
	Howard Johnson Scarborough	192	\$11,800,000	\$61,458	12.7%
	Novotel Toronto Airport	142	\$18,750,000	\$132,042	na
	Knights Inn (formerly Regency Hotel)	60	\$2,520,000	\$42,000	na
	Holiday Inn Select Brampton	145	\$10,557,000	\$72,807	13.1%
	Sheraton Centre Toronto Hotel	1,377	\$75,000,000	\$108,932	Sale of 50% Interest
	The Bay Hotel	28	\$1,680,000	\$60,000	na
	<i>Subtotal 2001</i>	1,967	\$121,167,000	\$61,600	
<b>2002</b>	Canada Tavern & Hotel	18	\$1,250,000	\$69,444	10.0%
	Comfort Inn Scarborough	81	\$4,400,000	\$54,321	11.0%
	The Isabella Inn	30	\$1,350,000	\$45,000	na
	Quality Hotel & Suites Toronto Airport East	192	\$9,800,000	\$51,042	5.6%
	Disera Motel	25	\$1,200,000	\$48,000	na
	Bolton Inn	42	\$2,100,000	\$50,000	na
	Radisson Plaza Hotel Admiral Harbourfront	157	\$16,250,000	\$103,503	8.6%
	<i>Subtotal 2002</i>	545	\$36,350,000	\$66,697	
<b>2003</b>	Howard Johnson Hotel	62	\$2,885,000	\$46,532	12.0%
	Someplace(s) Different Inn Portfolio (Glenerin)	23	\$1,808,996	\$78,652	na
	Park Motel	17	\$1,580,000	\$92,941	na
	Toronto Colony Hotel	721	\$67,000,000	\$92,926	6.1%
	Ramada Inn & Convention Centre Oakville	122	\$4,500,000	\$36,885	-1.6%
	Heritage Inn	72	\$6,600,000	\$91,667	na
	Genosha Hotel	86	\$1,130,000	\$13,140	na
	Dynasty Inn	80	\$2,150,000	\$26,875	na
	<i>Subtotal 2003</i>	1,183	\$87,653,996	\$74,095	
<b>2004</b>	Knights Inn (formerly Regency Hotel)	60	\$2,310,000	\$38,500	na
	Regal Constellation	837	\$24,000,000	\$28,674	na
	Manor Motel	13	\$1,000,000	\$76,923	na
	Holiday Inn Toronto Airport	191	\$13,151,635	\$68,857	na
	Avenue Park Hotel	97	\$6,500,000	\$67,010	na
	Queensway Motel	30	\$2,050,000	\$68,333	na
	Inn on the Park & Toronto Don Valley Hotel	569	\$19,000,000	\$33,392	na
	<i>Subtotal 2004</i>	1,797	\$68,011,635	\$37,847	
	<b>Total 1996- 2004</b>	<b>22,276</b>	<b>\$ 1,621,887,619</b>	<b>\$72,809</b>	

Source: PKF and various Hotel Realtor Reports, including Colliers International, HVS, Royal Le Page

## Appendix E: GREATER TORONTO HOTEL INDUSTRY Replacement Cost Estimates, 2004

REPLACEMENT COST ESTIMATES				
GREATER TORONTO HOTELS INDUSTRY AVERAGE				
			Inventory Weighted Avg	
LIMITED SERVICE - SUBURBAN	\$96,000	16%	5,725	\$15,324
MID SERVICE SUBURBAN	\$120,900	22%	7,790	\$26,260
MID SERVICE DOWNTOWN	\$154,500	11%	3,968	\$17,093
UPSCALE SUBURBAN	\$189,000	20%	7,182	\$37,847
UPSCALE/LUXURY DOWNTOWN	\$300,625	31%	11,200	\$93,880
<b>TOTAL</b>		<b>100%</b>	<b>35,865</b>	<b>\$190,405</b>

<b>LIMITED SERVICE - SUBURBAN</b>	<b>Sq Ft</b>	<b>\$ Per sq.ft.</b>	
	600	\$100	\$60,000
Furniture Fixtures & Equipment			\$10,000
Soft Costs/Contingencies@20%			\$12,000
Site Infrastructure			\$2,000
Land Cost			\$12,000
<i>Total Project Costs</i>			\$96,000

<b>MID SERVICE SUBURBAN</b>	<b>Sq Ft</b>	<b>\$ Per sq.ft.</b>	
	700	\$110	\$77,000
Furniture Fixtures & Equipment			\$12,000
Soft Costs/Contingencies@20%			\$15,400
Site Infrastructure			\$3,000
Land Cost			\$13,500
<i>Total Project Costs</i>			\$120,900

<b>MID SERVICE DOWNTOWN</b>	<b>Sq Ft</b>	<b>\$ Per sq.ft.</b>	
	700	\$125	\$87,500
Furniture Fixtures & Equipment			\$22,500
Soft Costs/Contingencies@20%			\$17,500
Site Infrastructure			\$4,500
Land Cost			\$22,500
<i>Total Project Costs</i>			\$154,500

<b>UPSCALE SUBURBAN</b>	<b>Sq Ft</b>	<b>\$ Per sq.ft.</b>	
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	900	\$140	\$126,000
Furniture Fixtures & Equipment			\$13,500
Soft Costs/Contingencies@25%			\$31,500
Site Infrastructure			\$4,500
Land Cost			\$13,500
<i>Total Project Costs</i>			\$189,000

<b>UPSCALE/LUXURY DOWNTOWN</b>	<b>Sq Ft</b>	<b>\$ Per sq.ft.</b>	
	900	\$200	\$180,000
Furniture Fixtures & Equipment			\$25,000
Soft Costs/Contingencies@25%			\$45,000
Site Infrastructure			\$5,625
Land Cost			\$45,000
<i>Total Project Costs</i>			\$300,625

Source: PKF Consulting

**APPENDIX F: GREATER TORONTO HOTEL INDUSTRY Historical  
Operating Results, 1993 - 2004**

**GREATER TORONTO HOTEL INDUSTRY RESULTS  
HISTORICAL OPERATING RESULTS, 1993 - 2004**

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 Forecast
<b>Rooms</b>	359	327	351	320	328	329	312	313	277	286	269	274	274
<b>Available Rooms</b>	131,035	119,355	128,115	116,800	119,720	120,085	113,880	114,245	101,105	104,390	98,185	100,010	100,010
<b>Occupied Rooms</b>	79,407	78,297	85,581	81,877	87,396	88,863	83,816	81,685	68,853	69,002	58,027	66,707	67,707
<b>Occupancy Rate</b>	60.6%	65.6%	66.8%	70.1%	73.0%	74.0%	73.6%	71.5%	68.1%	66.1%	59.1%	66.7%	68%
<b>Average Daily Rate</b>	\$85.51	\$86.52	\$90.94	\$97.72	\$106.64	\$116.68	\$128.81	\$131.92	\$136.09	\$133.64	\$120.31	\$125.89	\$130
<b>DEPARTMENTAL REVENUES</b>													
Rooms	\$18,922 60.9%	\$20,725 63.2%	\$22,187 62.9%	\$25,091 63.7%	\$28,449 64.9%	\$31,546 65.8%	\$34,616 67.3%	\$34,429 69.1%	\$33,833 68.2%	\$32,244 67.6%	\$25,936 66.4%	\$30,637 69.2%	\$32,041 69.2%
Food & Beverage	\$9,754 31.4%	\$9,728 29.7%	\$10,518 29.8%	\$11,306 28.7%	\$12,180 27.8%	\$13,066 27.3%	\$13,277 25.8%	\$11,828 23.7%	\$12,272 24.7%	\$12,124 25.4%	\$10,471 26.8%	\$10,883 24.6%	\$11,378 24.6%
Telephone	\$820 2.6%	\$924 2.8%	\$966 2.7%	\$1,079 2.7%	\$1,180 2.7%	\$1,174 2.4%	\$1,121 2.2%	\$938 1.9%	\$945 1.9%	\$777 1.6%	\$578 1.5%	\$529 1.2%	\$553 1.2%
Other Operated Departments	\$850 2.7%	\$774 2.4%	\$899 2.5%	\$1,000 2.5%	\$1,032 2.4%	\$1,175 2.5%	\$1,416 2.8%	\$1,273 2.6%	\$1,476 3.0%	\$1,782 3.7%	\$1,382 3.5%	\$1,396 3.2%	\$1,459 3.2%
Other Income (Net)	\$721 2.3%	\$655 2.0%	\$690 2.0%	\$921 2.3%	\$972 2.2%	\$974 2.0%	\$971 1.9%	\$1,364 2.7%	\$1,097 2.2%	\$747 1.6%	\$711 1.8%	\$838 1.9%	\$876 1.9%
<b>Total Revenues</b>	<b>\$31,067 100.0%</b>	<b>\$32,806 100.0%</b>	<b>\$35,260 100.0%</b>	<b>\$39,397 100.0%</b>	<b>\$43,813 100.0%</b>	<b>\$47,935 100.0%</b>	<b>\$51,401 100.0%</b>	<b>\$49,832 100.0%</b>	<b>\$49,623 100.0%</b>	<b>\$47,673 100.0%</b>	<b>\$39,077 100.0%</b>	<b>\$44,283 100.0%</b>	<b>\$46,307 100.0%</b>
<b>DIRECT EXPENSES</b>													
Rooms	\$5,943 31.4%	\$6,520 31.5%	\$6,979 31.5%	\$7,535 30.0%	\$8,270 29.1%	\$8,698 27.6%	\$9,056 26.2%	\$8,857 25.7%	\$8,879 26.2%	\$8,618 26.7%	\$7,779 30.0%	\$8,670 28.3%	\$9,067 28.3%
Food & Beverage	\$8,366 85.8%	\$8,531 87.7%	\$8,949 85.1%	\$9,458 83.7%	\$9,758 80.1%	\$10,437 79.9%	\$10,544 79.4%	\$9,437 79.8%	\$9,706 79.1%	\$9,546 78.7%	\$8,356 79.8%	\$8,593 79.0%	\$8,983 79.0%
Telephone	\$575 70.1%	\$633 68.5%	\$626 64.8%	\$614 56.9%	\$575 48.7%	\$540 46.0%	\$545 48.6%	\$421 44.9%	\$431 45.6%	\$396 51.0%	\$342 59.2%	\$352 66.5%	\$368 66.5%
Other Operated Departments	\$587 69.1%	\$484 62.5%	\$593 66.0%	\$614 61.4%	\$596 57.8%	\$704 59.9%	\$731 51.6%	\$810 63.6%	\$906 61.4%	\$941 52.8%	\$827 59.9%	\$715 51.2%	\$747 51.2%
<b>Total Departmental Expenses</b>	<b>\$15,471 49.8%</b>	<b>\$16,168 49.3%</b>	<b>\$17,147 48.6%</b>	<b>\$18,221 46.2%</b>	<b>\$19,199 43.8%</b>	<b>\$20,379 42.5%</b>	<b>\$20,876 40.6%</b>	<b>\$19,525 39.2%</b>	<b>\$19,922 40.1%</b>	<b>\$19,501 40.9%</b>	<b>\$17,304 44.3%</b>	<b>\$18,330 41.4%</b>	<b>\$19,166 41.4%</b>
<b>GROSS PROFIT</b>	<b>\$15,596 50.2%</b>	<b>\$16,638 50.7%</b>	<b>\$18,113 51.4%</b>	<b>\$21,176 53.8%</b>	<b>\$24,614 56.2%</b>	<b>\$27,556 57.5%</b>	<b>\$30,525 59.4%</b>	<b>\$30,307 60.8%</b>	<b>\$29,701 59.9%</b>	<b>\$28,172 59.1%</b>	<b>\$21,773 55.7%</b>	<b>\$25,953 58.6%</b>	<b>\$27,141 58.6%</b>
<b>UNDISTRIBUTED EXPENSES</b>													
Administration	\$2,597 8.4%	\$2,774 8.5%	\$2,767 7.8%	\$3,056 7.8%	\$3,250 7.4%	\$3,275 6.8%	\$3,687 7.2%	\$3,526 7.1%	\$3,549 7.2%	\$3,424 7.2%	\$3,104 7.9%	\$3,291 7.4%	\$3,390 7.3%
Marketing	\$1,994 6.4%	\$2,119 6.5%	\$2,190 6.2%	\$2,371 6.0%	\$2,213 5.1%	\$2,312 4.8%	\$2,481 4.8%	\$2,445 4.9%	\$2,641 5.3%	\$2,507 5.3%	\$2,356 6.0%	\$2,367 5.3%	\$2,438 5.3%
Property Operation & Maintenance	\$1,747 5.6%	\$1,796 5.5%	\$1,806 5.1%	\$1,936 4.9%	\$2,039 4.7%	\$2,148 4.5%	\$2,204 4.3%	\$2,235 4.5%	\$2,196 4.4%	\$2,244 4.7%	\$2,087 5.3%	\$2,086 4.7%	\$2,149 4.6%
Energy	\$1,516 4.9%	\$1,638 5.0%	\$1,568 4.4%	\$1,609 4.1%	\$1,590 3.6%	\$1,581 3.3%	\$1,605 3.1%	\$1,555 3.1%	\$1,783 3.6%	\$1,921 4.0%	\$1,815 4.6%	\$1,776 4.0%	\$1,829 4.0%
Other Unallocated	\$104 0.3%	\$121 0.4%	\$54 0.2%	\$221 0.6%	\$95 0.2%	\$76 0.2%	\$69 0.1%	\$84 0.2%	\$93 0.2%	\$3 0.0%	\$63 0.2%	\$41 0.1%	\$42 0.1%
<b>Total Undistributed Expenses</b>	<b>\$7,958 25.6%</b>	<b>\$8,448 25.8%</b>	<b>\$8,385 23.8%</b>	<b>\$9,193 23.3%</b>	<b>\$9,187 21.0%</b>	<b>\$9,392 19.6%</b>	<b>\$10,046 19.5%</b>	<b>\$9,845 19.8%</b>	<b>\$10,262 20.7%</b>	<b>\$10,099 21.2%</b>	<b>\$9,425 24.1%</b>	<b>\$9,561 21.6%</b>	<b>\$9,848 21.3%</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$7,638 24.6%</b>	<b>\$8,190 25.0%</b>	<b>\$9,728 27.6%</b>	<b>\$11,983 30.4%</b>	<b>\$15,427 35.2%</b>	<b>\$18,164 37.9%</b>	<b>\$20,479 39.8%</b>	<b>\$20,462 41.1%</b>	<b>\$19,439 39.2%</b>	<b>\$18,073 37.9%</b>	<b>\$12,349 31.6%</b>	<b>\$16,392 37.0%</b>	<b>\$17,293 37.3%</b>
<b>OTHER EXPENSES</b>													
Really Taxes & Insurance	\$4,365 14.1%	\$4,325 13.2%	\$4,415 12.5%	\$4,532 11.5%	\$4,514 10.3%	\$4,070 8.5%	\$3,861 7.5%	\$3,741 7.5%	\$3,825 7.7%	\$4,106 8.6%	\$4,074 10.4%	\$3,756 8.5%	\$3,869 8.4%
Reserve for Asset Replacement	\$1,243 4.0%	\$1,312 4.0%	\$1,410 4.0%	\$1,576 4.0%	\$1,753 4.0%	\$1,917 4.0%	\$2,056 4.0%	\$1,993 4.0%	\$1,985 4.0%	\$1,907 4.0%	\$1,563 4.0%	\$1,771 4.0%	\$1,852 4.0%
Management/Franchise Fees	\$1,553 5.0%	\$1,640 5.0%	\$1,763 5.0%	\$1,970 5.0%	\$2,191 5.0%	\$2,397 5.0%	\$2,570 5.0%	\$2,384 4.8%	\$2,535 5.1%	\$2,427 5.1%	\$1,770 4.5%	\$2,214 5.0%	\$2,315 5.0%
<b>Total Other Expenses</b>	<b>\$7,161 23.1%</b>	<b>\$7,278 22.2%</b>	<b>\$7,588 21.5%</b>	<b>\$8,078 20.5%</b>	<b>\$8,457 19.3%</b>	<b>\$8,384 17.5%</b>	<b>\$8,487 16.5%</b>	<b>\$8,118 16.3%</b>	<b>\$8,345 16.8%</b>	<b>\$8,441 17.7%</b>	<b>\$7,407 19.0%</b>	<b>\$7,741 17.5%</b>	<b>\$8,036 17.4%</b>
<b>NET OPERATING INCOME</b>	<b>\$477 1.5%</b>	<b>\$912 2.8%</b>	<b>\$2,140 6.1%</b>	<b>\$3,905 9.9%</b>	<b>\$6,970 15.9%</b>	<b>\$9,780 20.4%</b>	<b>\$11,992 23.3%</b>	<b>\$12,344 24.8%</b>	<b>\$11,095 22.4%</b>	<b>\$9,633 20.2%</b>	<b>\$4,941 12.6%</b>	<b>\$8,651 19.5%</b>	<b>\$9,257 20.0%</b>

Source: PKF Consulting