

Canada Hospitality - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Canada Hospitality Market Analysis

The Canada Hospitality Market was valued at USD 20.29 billion in 2025 and estimated to grow from USD 21.34 billion in 2026 to reach USD 27.46 billion by 2031, at a CAGR of 5.18% during the forecast period (2026-2031).

This growth reflects a sector that has moved beyond simple recovery to embrace a structural realignment driven by corporate sustainability mandates, mega-event preparations, and tighter short-term-rental regulations. Rising inbound tourism, particularly from the United States, is boosting average length of stay and pushing demand toward boutique hotels that provide authentic local experiences. Meanwhile, global chains leverage loyalty platforms and scale purchasing to defend share in major commercial corridors.

New hotel construction in Toronto, Vancouver, and Calgary indicates investor confidence despite elevated borrowing costs, while suburban and secondary markets attract projects that seek lower land prices and extended-stay demand. Corporate travel buyers, under net-zero commitments, have begun shifting room nights to properties with verified green credentials, an action that is accelerating capital upgrades across asset classes. Market dynamics reveal a sector transitioning from recovery to strategic repositioning, where traditional demand drivers intersect with sustainability imperatives and technology adoption. Corporate net-zero travel policies increasingly influence accommodation selection, while labor shortages force operational innovations that may permanently alter service delivery models .

Canada Hospitality Market Trends and Insights

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Recovery of International Inbound Tourism

International visitor arrivals reached 96% of 2019 levels during 2024 as the final border restrictions were lifted and favorable currency differentials drew U.S. leisure travelers back to Canadian destinations. Travelers now stay longer and spend more on experiential activities, which benefits boutique and independent properties that showcase local culture. Asian source markets remain 15% below pre-pandemic volumes, so operators are tailoring services to North American tastes while maintaining flexibility for eventual long-haul resurgence. Chain brands respond by creating soft-brand collections that mimic independent aesthetics without sacrificing loyalty benefits. Destination marketing organizations coordinate with carriers to rebuild airlift, ensuring that capacity constraints do not cap growth momentum. The broad-based rebound underpins room-rate resilience even as new supply enters the pipeline.

Expansion of Hotel Development Pipeline in Major Cities

More than 300 hotels advanced to planning or construction across Canada in 2024, marking the largest wave since 2008. Vancouver projects are linked to FIFA 2026, while Toronto conversions repurpose older office towers into lifestyle hotels to offset remote-work vacancies. Calgary's Stampede Park illustrates a mixed-use model that blends hospitality with retail and entertainment, providing diversified revenue streams and placemaking benefits. Average development cost of CAD 900,000 (USD 662,000) per key is nudging sponsors toward suburban plots where land is cheaper and zoning less restrictive. Investors anticipate that infrastructure upgrades for mega-events will lift long-term tourism competitiveness, mitigating short-term interest-rate risk. As a result, lenders continue to back well-structured deals tied to sustainable design or extended-stay positioning.

Acute Labor Shortages Inflating Operating Costs

The industry faced 170,000 unfilled positions in 2024, pushing wage settlements well above room-rate growth and compressing profit margins. Vancouver union contracts granted cumulative pay hikes of 34% through 2027, setting a benchmark that rippled across provincial bargaining tables. Foreign-worker program caps constrained the talent pool, forcing operators to slash housekeeping frequency or automate front-desk functions through self-check-in kiosks. Tech vendors report a surge in demand for mobile keys and chatbot concierge services that offset staffing gaps. Smaller independents struggle to absorb rising payroll, prompting merger talks with well-capitalized owners that can spread costs. The labor crunch is expected to remain acute until immigration processing accelerates or hospitality wage premiums attract workers back from other sectors.

Other drivers and restraints analyzed in the detailed report include:

Government Bids for Mega-Events
Indigenous-Owned/Partnered Hospitality Growth
High Interest Rates Squeezing Project Finance

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Independent hotels are projected to achieve a 5.25% CAGR through 2031, surpassing the overall Canada hospitality market growth and eroding the dominance of global chains. The segment's agility allows operators to pivot quickly toward thematic decor, hyper-local food sourcing, and neighborhood storytelling, which resonate with millennial and Gen Z travelers who perceive authenticity as a primary value driver. Chain brands, however, still benefit from centralized procurement and loyalty-program capture, enabling them to defend a 61.10% revenue lead in 2025. Many independents now affiliate with soft-brand collections or

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third-party managers to tap into global distribution while retaining unique identities, balancing independence with reach. Sustainability certifications, from LEED to Green Key, act as competitive equalizers because smaller properties can often retrofit more quickly than legacy high-rise assets. Analysts expect the coexistence of both models: large chains will supply standardized reliability for corporate road warriors, while boutique independents will fill experiential niches, together sustaining a diverse Canada hospitality market ecosystem.

The scale-versus-character divide opens acquisition prospects for investors specialized in repositioning under-performing independents into curated lifestyle assets. Provincial governments provide renovation tax credits that reduce capital outlays for heritage building conversions, encouraging adaptive reuse strategies. Technology vendors cater to independents with cloud-based PMS platforms that lower upfront capex and integrate seamlessly with OTA channels. As wage costs climb, chain operators may experiment with lean-staff prototypes that emulate independent hotel intimacy but maintain brand standards. The competitive outcome hinges on guest loyalty economics: if personalized service and local immersion carry higher repeat-visit propensity, independents could command premium ADR and maintain share gains despite scale disadvantages.

The Canada Hospitality Market Report is Segmented by Type (Chain Hotels, Independent Hotels), Accommodation Class (Luxury, Mid & Upper-Mid-Scale, Budget & Economy, Service Apartments), Booking Channel (Direct Digital, Otas, Corporate/MICE, Wholesale & Traditional Agents), and Geography (Ontario, Quebec, British Columbia, Alberta, Saskatchewan, Manitoba and More). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Marriott International Hilton Worldwide Accor S.A. IHG Hotels & Resorts Best Western Hotels & Resorts Wyndham Hotels & Resorts Hyatt Hotels Corporation Choice Hotels International Four Seasons Hotels & Resorts Fairmont Hotels & Resorts Sandman Hotel Group Coast Hotels Atlific Hotels Silver Hotel Group Germain Hotels InnVest Hotels Northland Properties Holloway Lodging Corporation Clique Hotels & Resorts Temple Hotels

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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