

Final Report

Middlesex County Tourism Investment Tool-Kit



Funding for this study was provided in partnership with the Ministry of Tourism, Culture and Sport

Introduction

The County of Middlesex's Department of Economic Development and Tourism operates as the Destination Marketing Organization (“DMO”) for the County, otherwise known as Visit Middlesex. In its role as DMO, the County determined that a “Tourism Investment Tool-Kit” was required to encourage tourism investment in new and enhanced products and experiences, as well as infrastructure. Ultimately, the County is committed to providing clear responses to operator and investor concerns relative to policy and planning issues, and to facilitate tourism investment throughout Middlesex County.

With these objectives in mind, Middlesex County engaged CBRE Tourism Consulting, in association with N1 Strategy Inc and Fotenn Planning + Design (the “CBRE Team”) in March 2024 to produce the Tourism Investment Tool-kit along with a Policy Review Report.

The subject Tourism Investment Tool-Kit is founded on a shared vision of overall growth for Middlesex and its tourism economy, ensuring prosperity for all communities, but also recognizing individual community needs and strengths. Specific inclusions of the Tourism Investment Tool-Kit are as follows:

- An inventory of existing tourism assets of Middlesex County.
- Destination sentiment analysis.
- A review of tourist attractions that support the municipality’s values, image, and market demand.
- An overview of sites poised for tourism investment.
- Best practices and case studies related to successful tourism business development and expansion in Ontario.
- Guidelines and resources related to land use planning for tourism operators and investors.

Based on the preliminary macro analysis, and the results of the evaluation matrix, the project team recommended the following top three tourism concepts for feasibility assessment, which has been detailed in this report.

Glamping & Outdoor Adventures

“Glamping” is a concept that involves the development of an outdoor adventure experience offering unique overnight accommodations in a natural environment, incorporating one or more outdoor adventure activities, such as cycling, aerial ropes course, trail adventures, snowshoeing, or cross-country skiing. In consideration of the terrain and available sites in Middlesex County, this concept is positioned to attract youth, young adults and “boomers” who want to enjoy the outdoors and gain adventure but are also environmentally-conscious, all of which are included in the County’s target markets. The Outdoor Adventure Experience has been positioned as a seasonal operation, open from May to October, and open over weekends throughout the balance of the year based on demand. It would be well suited to capture demand from overnight leisure-based markets to Middlesex County.

Small Hotel/Resort/Corporate Retreat Centre

This concept involves the development of a 50-room hotel with 2,500 square feet (SF) of meeting and event space, and 50-seat restaurant, which can be used for leisure and social events and/or corporate retreats. This is a year-round concept that will appeal to corporate and leisure travellers. The event space will fill another existing gap in the County's inventory in terms of both increasing overnight demand and providing multi-use event facilities.

Microbrewery

Given the focus on agri-tourism in Middlesex County, a microbrewery would be a strong concept for driving year-round, overnight leisure demand. It also helps to enhance the County's existing strength in agri-tourism into a new product opportunity, with increased target markets. The concept for Middlesex County involves development of a microbrewery with a small retail area and tasting room, and a potential partnership with a local restaurant to offer light foodservice.

Each of the top 3 tourism product concepts for potential investment yielded positive results from a preliminary feasibility and market assessment perspective, representing a range of market interests for visitors to, and residents of, Middlesex County, and varying levels of economic benefit to the area.

For more information, tools, and resources, interested parties should reference the last section of this report, or contact:

Cara A. Finn, BBA, MSM, M.Ad.Ed.
Director of Economic Development and Tourism
County of Middlesex
Email: cfinn@middlesex.ca
Phone: 519-434-7321 x 2347

Durk Vanderwerff, MPA, MCIP, RPP
Director of Planning and Development
County of Middlesex
Email: dvanderwerff@middlesex.ca
Phone: 519-434-7321 x 2262

Contents

- Introduction..... ii
- Market Overview 1
- Destination Sentiment Review5
- Tourism Asset Inventory7
- Potential Tourism Investment Opportunities for Middlesex County.....15
- Glamping and Outdoor Adventures20
 - Glamping and Outdoor Adventures Investment Opportunity20
 - Site And Locational Considerations.....22
 - Comparable Glamping & Outdoor Adventures Experiences In Ontario23
 - Subject Concept for OLC Glamping Opportunity.....28
 - Subject Investment Preliminary Market Projections29
 - Subject Investment Preliminary High Level Proforma Operating Statement.....31
- Small Independent Hotel 33
 - Small Independent Hotel Investment Opportunity.....33
 - Site And Locational Considerations.....33
 - Regional Accommodation Market Analysis.....35
 - Subject Facility Program and Estimated Capital Costs39
 - Market Demand and ADR Projections.....41
 - Subject Investment Preliminary Market Projections42
 - Subject Investment Preliminary High Level Proforma Operating Statement.....43
- Microbrewery..... 46
 - Microbrewery Investment Opportunity.....46
 - Site And Locational Considerations.....47
 - Comparable Microbrewery Experiences In Ontario.....48
 - Subject Concept for Middlesex County Microbrewery Opportunity49

Subject Investment Preliminary Market Projections	50
Subject Investment Preliminary High Level Proforma Operating Statement	50
Potential Investment Sites.....	52
Potential Sites for Tourism Investment	52
Other Potential Investment Areas.....	54
Best Practices	55
Glamping and Adventure Experience	55
Small Hotel / Conference Centre	55
Microbrewery.....	57
Middlesex County Tools & Resources	60
Appendix A	63
Assumptions And Limiting Conditions.....	63
Appendix B.....	65
Glossary of Industry Terms	65

Market Overview

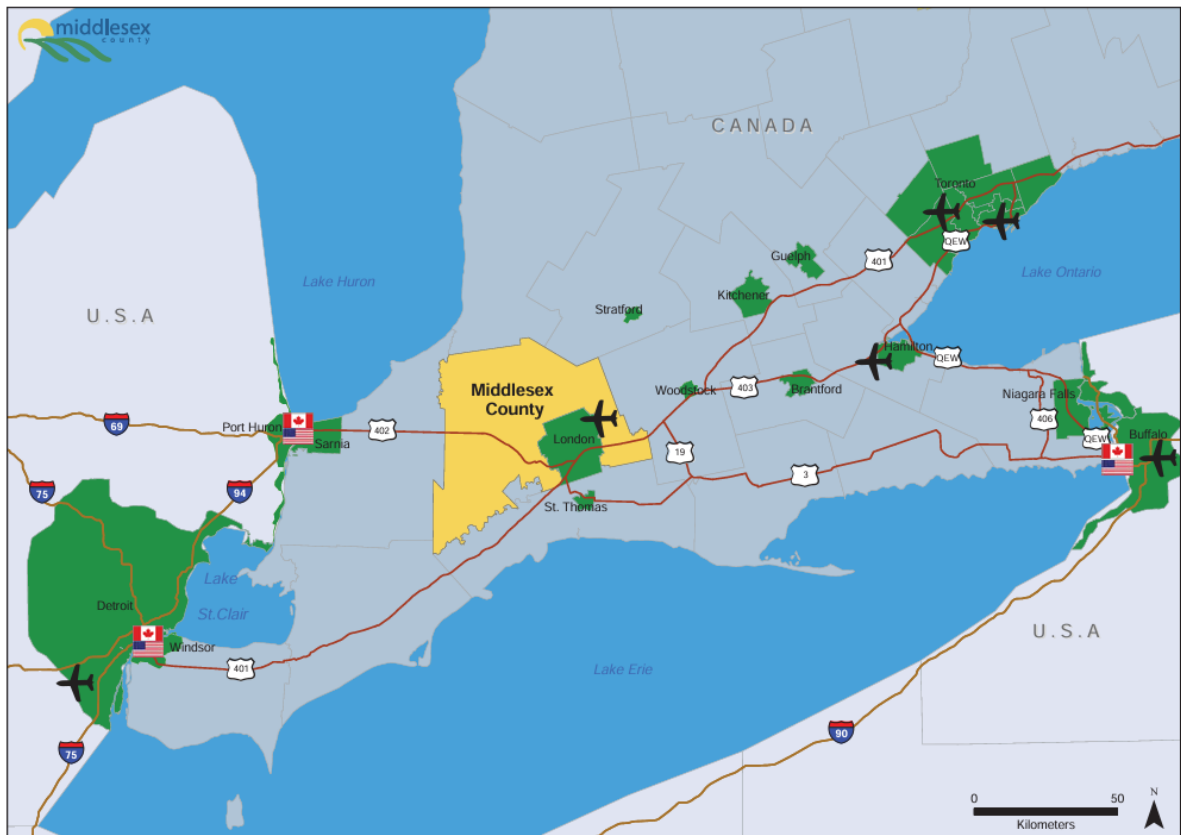
Middlesex County Tourism Market

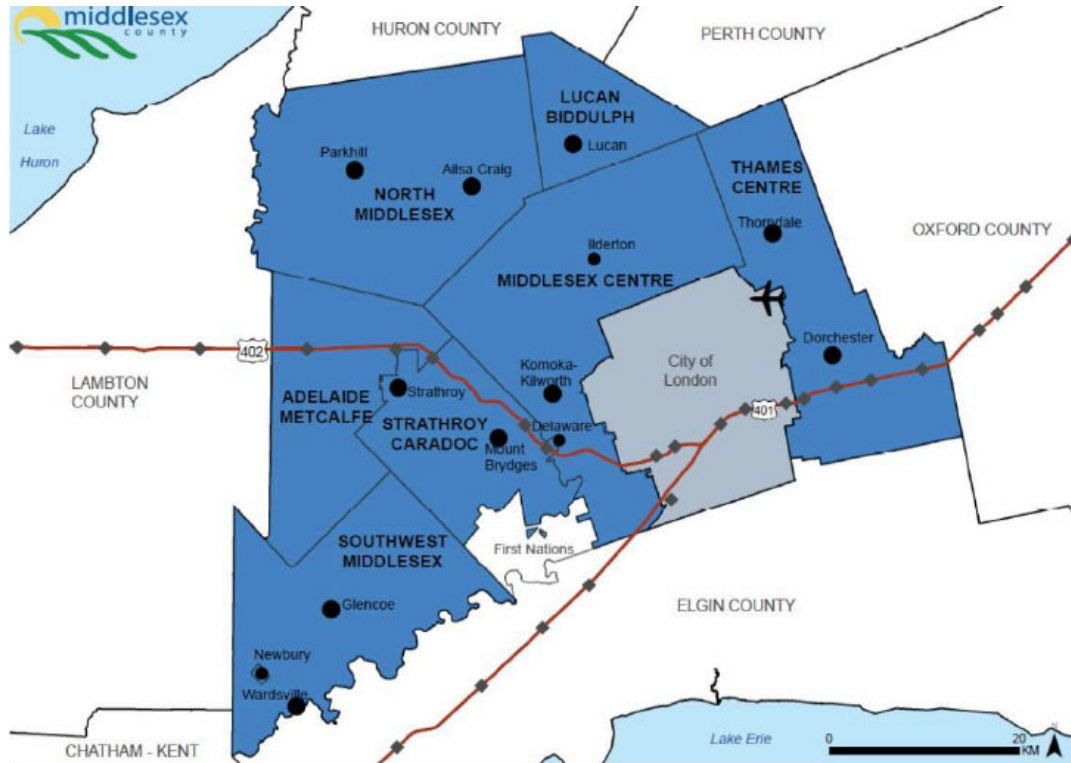
Middlesex County is a diverse and growing community and has acknowledged that tourism can play a leading role in sustainable growth for the local economy. Home to approximately 82,000 people as of 2023, Middlesex County comprises eight member municipalities, most frequently visited by residents of London and surrounding Southwestern Ontario cities.

The County features a range of urban and rural communities that surround the City of London, a captive market for tourism, and is located within 200km of the Greater Toronto Area via the major 400 series highways. It is also close to the Canada-U.S. border crossings at Windsor, Niagara Falls, Fort Erie and Sarnia.

The maps below show the location of Middlesex County within southwestern Ontario and the communities within the County.

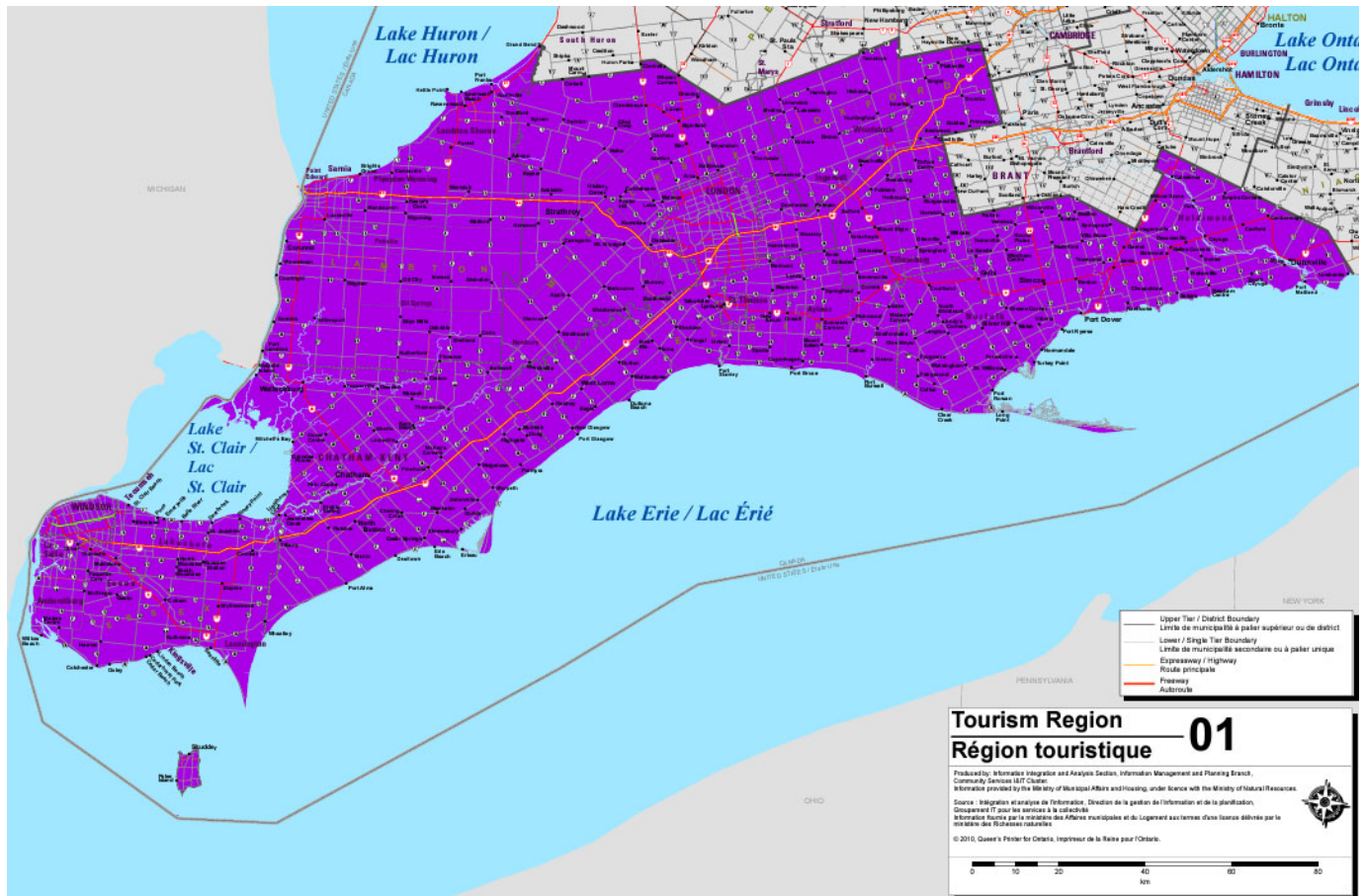
Middlesex County in Southern Ontario





Source: visitmiddlesex.ca

Middlesex County is known for its agri-tourism, natural attractions, historic small towns and rural experiences. From a tourism organizational perspective, the Ontario Ministry of Tourism, Culture, and Sport (MTCS) classifies the County as within Ontario Travel Region 1 – Southwestern Ontario. The MTCS currently only tracks visitation by major tourism region, and the latest visitation statistics available for Southwestern Ontario (Region 1) are from 2021.



Source: <https://www.ontario.ca/document/tourism-regions/region-1-southwest-ontario>

According to MTCS data, the majority of visitors to Southwestern Ontario are from other parts of Ontario (99%). The small percentage of visitors from outside of Ontario were typically aged 45-54 (27%) followed by 18-24 (24%), as compared to Ontario visitors, wherein the largest cohort of visitors were aged 65+ (21%). The most common purpose of trip to Region 1 is visiting friends and relatives, followed by pleasure (including sports tourism) and shopping.

Canadian Visitors to Region 1 by Age - 2021

Age Range (18+)	Total Visitors	% of Visitors
18 – 24	789,800	9%
25 – 34	1,232,600	15%
35 – 44	1,444,300	17%
45 – 54	1,561,800	19%
55 – 64	1,595,500	19%
65+	1,806,300	21%
TOTAL	8,430,300	100%
Party with Children	18%	-

Source: Ministry of Tourism, Culture, and Sport, 2021

Almost 50% of domestic (Canadian) visits take place during the summer months from July through September. However, a significant amount of visits in October through December with the popularity of hockey and other cold weather activities in the region.

Region 1 Visitors by Time of Year

Quarter	% of Visits
Q1 (Jan – Mar)	11%
Q2 (Apr – Jun)	16%
Q3 (Jul – Sep)	49%
Q4 (Oct – Dec)	24%

Source: Ministry of Tourism, Culture & Sport, 2021

The majority of Canadian visitors to Southwestern Ontario are there to visit friends and relatives (47%), followed by those participating in an outdoor/sport activity (24%), frequenting a restaurant or bar (20%), shopping (19%) or sightseeing (13%). Of the outdoor activities, the most popular are going to the beach, camping, and hiking.

Visitor Activity Participation in Region 1

Activity	Visitor Participation
Visit Friends or Relatives	47%
Any Outdoor / Sports Activity	24%
Restaurant or Bar	20%
Shopping	19%
Sightseeing	13%
Visit a Beach	12%
National/Provincial Nature Parks	7%
Camping	6%
Hiking	4%

Source: Ministry of Tourism, Culture & Sport, 2021

Of the total 8,430,000 Canadian visitors to Southwestern Ontario, 6,156,000 visit the area for pleasure and/or visiting friends and relatives. This market in addition to the 530,300 residents living in Middlesex County and the City of London, provides a total **available market of 6,737,000 as of 2023.**

Destination Sentiment Review

CBRE undertook an in-depth business operator and partner engagement process to gain a thorough understanding of the tourism environment in Middlesex County. The engagement process involved distribution of an online survey that yielded 36 responses, two focus groups - one with a blend of investors and operators, and the other with a mix of County and local municipal staff (CAOs, EDOs and Planners), and 10 informant interviews. The following section provides an overview of the findings relative to tourism business development and policy considerations.

Tourism Strengths in Middlesex County

In terms of operating an existing tourism business, supporting tourism operators in the County, or attracting new tourism investment, the following were seen as key strengths:

- The County's **ideal location** with proximity to the 400 series highway, London International Airport, and the GTA (Canada's largest feeder market).
- The **numerous and unique agri-tourism experiences and sport tourism venues** offered within the County; marrying the agricultural history and assets with tourism allow visitors to interact with agriculture in the forms of retail, tours, pick-your-own fruit or flowers, and other experiences.
- Middlesex has a variety of **unique event venues**, ranging from rural agricultural to more modern social event venues.
- The County has a significant number of **natural assets** to offer both residents and visitors, in the form of Conservation Areas, trails and waterways (e.g. the Thames River).

Tourism Challenges

The challenges stakeholders mentioned varied greatly depending on their experience, interaction, and asset type. The CBRE Team has organized the challenges into three different sections.

Tourism Assets

- Limited accommodations available in the County to keep visitors overnight and increase spending.
- Limited evening activities available.
- Limited and/or aging visitor infrastructure (e.g. access to public washrooms, lack of public transit, etc.).
- Lack of tourism brand recognition for Middlesex County.
- Limited public access to the river for commercial development.

Business in General

- Access to capital and debt relief is top of mind for operators. This challenge is present for both operators of existing tourism businesses who have been negatively affected by the pandemic and those who are undertaking new/expanding operations.

- Rising cost of land in Middlesex County acts as a barrier to entry for tourism businesses.
- Increasing cost of insurance.
- Access to labour is a challenge for tourism businesses across the globe, and not unique to Middlesex County. This challenge is closely tied to a location’s working age population and available housing.
- Lack **of adequate public transportation** is detrimental for staffing and for visitors who do not have access to a vehicle.

Regulatory Agencies Interactions

Several stakeholders stated they were challenged by interactions with regulatory agencies within the County, namely on issues surrounding:

- Obtaining permits (building, special events).
- Current policies & legislation relative to signage and servicing.
- Taxes, development charges, and additional charges on new businesses & developments.

County / Local Municipal Interactions

- Limited collaboration between local municipalities to mitigate potential developer issues, and lack of a common vision for tourism development amongst the local municipalities.
- The **planning approval process** was seen as **costly** and unaffordable for new/expanding businesses, given the increased costs associated with cumbersome approval processes.
- Local operators and partners believe there are **too many points of contact** and are sometimes unsure of which department/organization to connect with to find answers to development-related questions.
- Many local CIPs are underfunded or focus predominantly on downtown areas.
- **Lack of education on local municipal supports available** – residents and operators indicated that at times, they were unaware of how the local municipality could help them.
- **NIMBY-ism**, or “not in my backyard”-ism, was raised as a challenge, both in terms of residents’ sentiment toward visitors and towards tourism businesses.

Tourism Asset Inventory

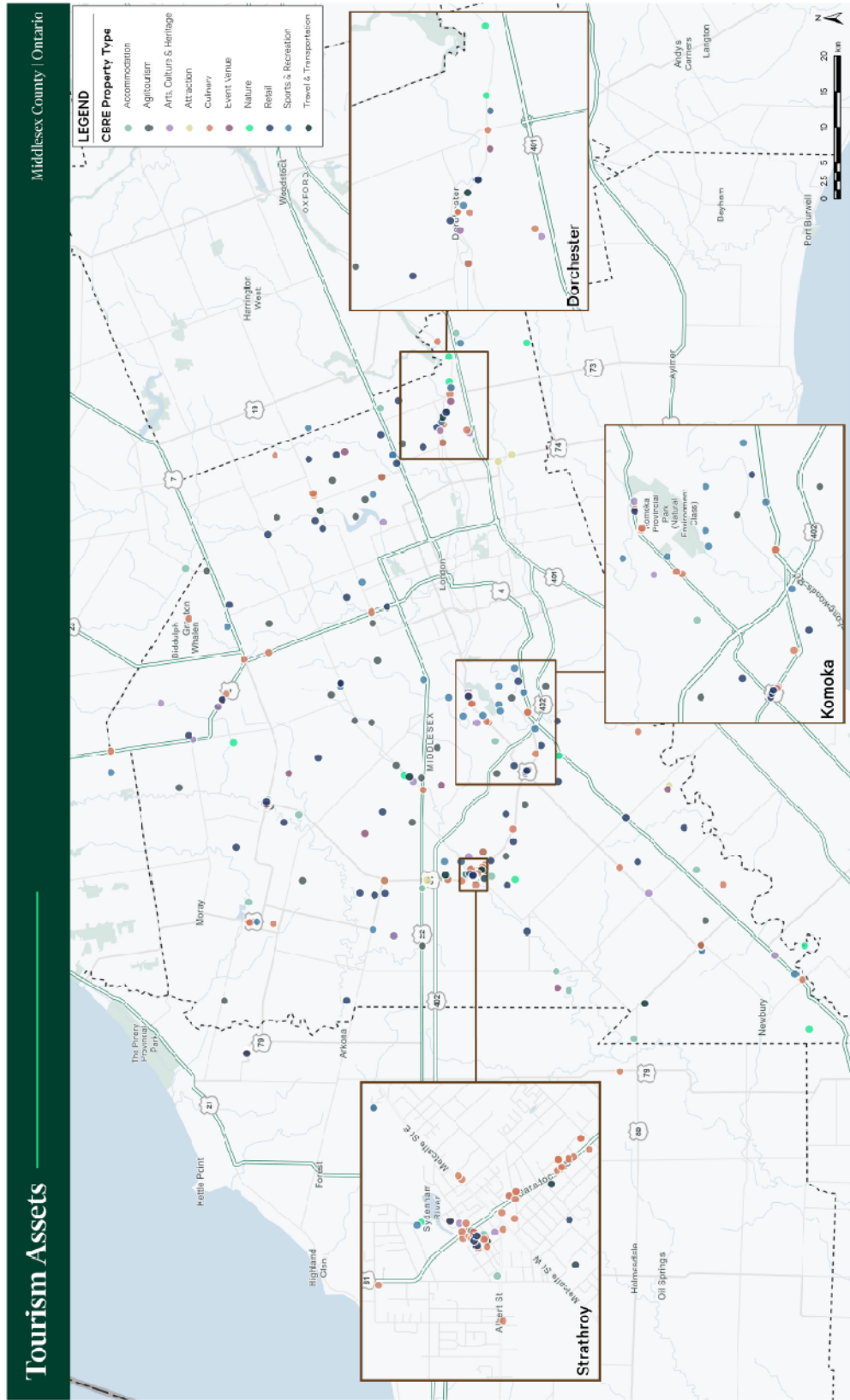
The CBRE team conducted a detailed review of Middlesex County's tourism products (assets) by type. This tourism asset inventory gives an indication of the experiences that tourists seek out when they visit the County and has been used in determining opportunities for future product and experience development. Typical tourism-related establishments within the industry include, but are not limited to, transportation services (e.g., taxi, ferry, car rental, etc.), accommodation, food and beverage services, recreation, and entertainment. This primarily includes businesses categorized by Statistics Canada as "arts, entertainment and recreation" (NAICS 71) and "accommodation and food services" (NAICS 72).

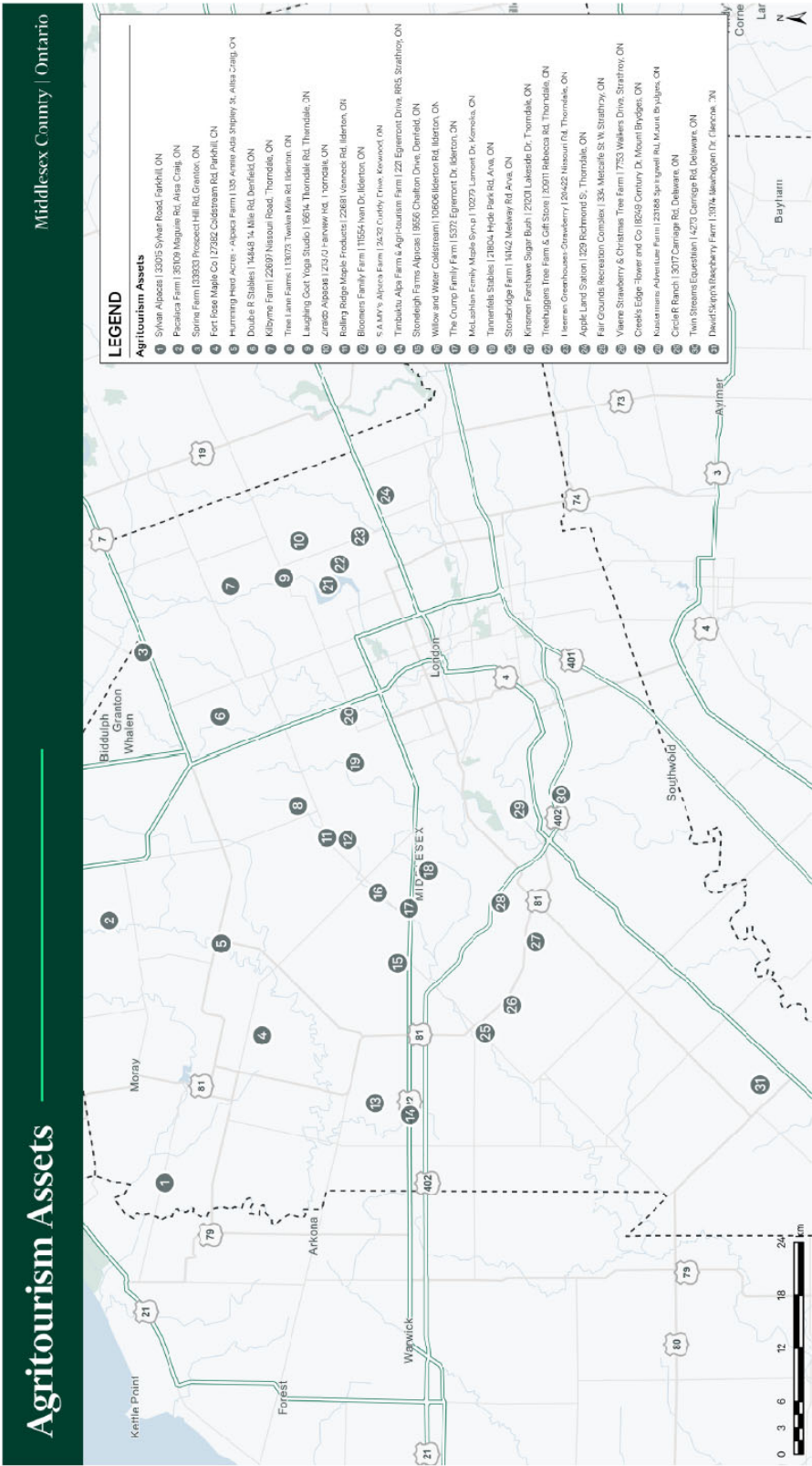
Primary data for the County's tourism asset inventory was derived from Middlesex County's Department of Economic Development & Tourism and the Visit Middlesex website and augmented with information gathered during stakeholder consultation and supplementary research. Following industry best practices, the County's 313 tourism products have been categorized into 10 asset categories, as detailed below. While some assets can be attributed to more than one category, such as attractions offering a restaurant or accommodations offering culinary elements, each asset has only been counted once under its primary asset type.

Middlesex County Tourism Assets

Asset Category	Count	Asset Category	Count
Accommodation	21	Event Venue	9
B&B	7	Agriculture	2
Campground	6	Social / Weddings	7
Farm Stay	3	Nature	10
Hotel	1	Conservation Area	7
Motel/Inn	4	Forest	1
Agritourism	64	Wetlands	2
Alpaca Farm	7	Retail	23
Cattle & produce	1	Clothing	4
Equestrian	10	Gifts	19
Farm Retail & Experiences	33	Sports & Recreation	36
Goat Yoga	1	Arena	8
Maple	4	Curling	1
Tree Farm	2	Golf	23
Fruit/Floral picking	6	Racetrack	1
Arts, Culture & Heritage	25	Recreation club	2
Antiques	7	Soccer	1
Gallery	4	Travel & Transportation	8
Heritage Museum	1	Car rental	1
Museum	7	Taxi	2
Pottery	1	Tour Operator	1
Quilts & Crafts	5	Visitor Services	4
Attraction	4		
Drive-in	1		
Family Entertainment Centre	2		
Hot Air Balloons	1		
Culinary	113		
Bar/Pub	4		
Brewery/Cidery	5		
Café / Coffee Shop	7		
Fast Food	25		
Grocery / Deli	3		
Restaurant	69		
Total			313

The map on the following page shows the location of all tourism assets in Middlesex County, which is followed by a map featuring only agritourism experiences across the County.





Event Hosting Facilities

While many facilities may be able to host events, for example restaurants and golf clubs, CBRE has only counted dedicated meeting space within this analysis. As shown in the previous table, there are 9 dedicated event venues in the County.

Although there are several unique event facilities, there are no large or central event facilities within the County, which limits the number of conferences and large events the County can host. Furthermore, the fact that there are limited accommodations in the County has restricted the County's ability to attract larger multi-day events.

Festivals & Events

In addition to the physical assets listed above, several festivals and events are also hosted in the Middlesex County. It is important to distinguish between a community event and an event that draws visitors. For example, a Canada Day celebration may draw many attendees, but they are often local as each community hosts events for their residents. In contrast, hallmark events are typically unique festivals and events that cannot be found in other communities and directly reflect the identity of a destination. An examples of a hallmark event is the Calgary Stampede. The following list distinguishing events that typically draw tourism demand and revenue sources:

Event Type	Time Frame	Tourism Event Types			Example
		Tourist Demand	Value		
Mega Events	Occasional	High	High	Olympics Pan American Games World Fairs	
Hallmark Events	Recurring	High	High	Mardi Gras, New Orleans Calgary Stampede Oktoberfest, Munich	
Regional Tourism Events	Recurring & One-Time	Medium	Medium	Regional Sport Tournament Large Music Festivals	
Local Events	Recurring & One-Time	Low	Low	Local celebrations (Canada Day) Barbeques Local Fairs	

Source: D. Getz, 1997, 2005, 2008

Many events hosted in the Middlesex County revolve around the established identities of farming, agriculture, and culinary experiences in the area. Examples include:

- Art in the Barn (July)
- Ailsa Craig Gala days (July)
- Battle of Longwoods (May)
- Dorchester Fair (October)
- Glencoe Fall Fair (September)
- Heeman's Food Trucks on the Farm (August – October)
- Ilderton Fall Fair (September)
- Lucan Summerfest (July)

- Oxford Renaissance Festival (July)
- Parkhill Fair (August)
- Strathroy Hometown Festival (June)
- Thorndale Fall Fair (September)
- Tri-County Heritage Club (July)

Throughout the year, many of Middlesex County's festivals are held outside, across multiple locations, and have a significant draw from outside the region. As such, these events would be categorized as rural tourism events with the potential to become regional events.

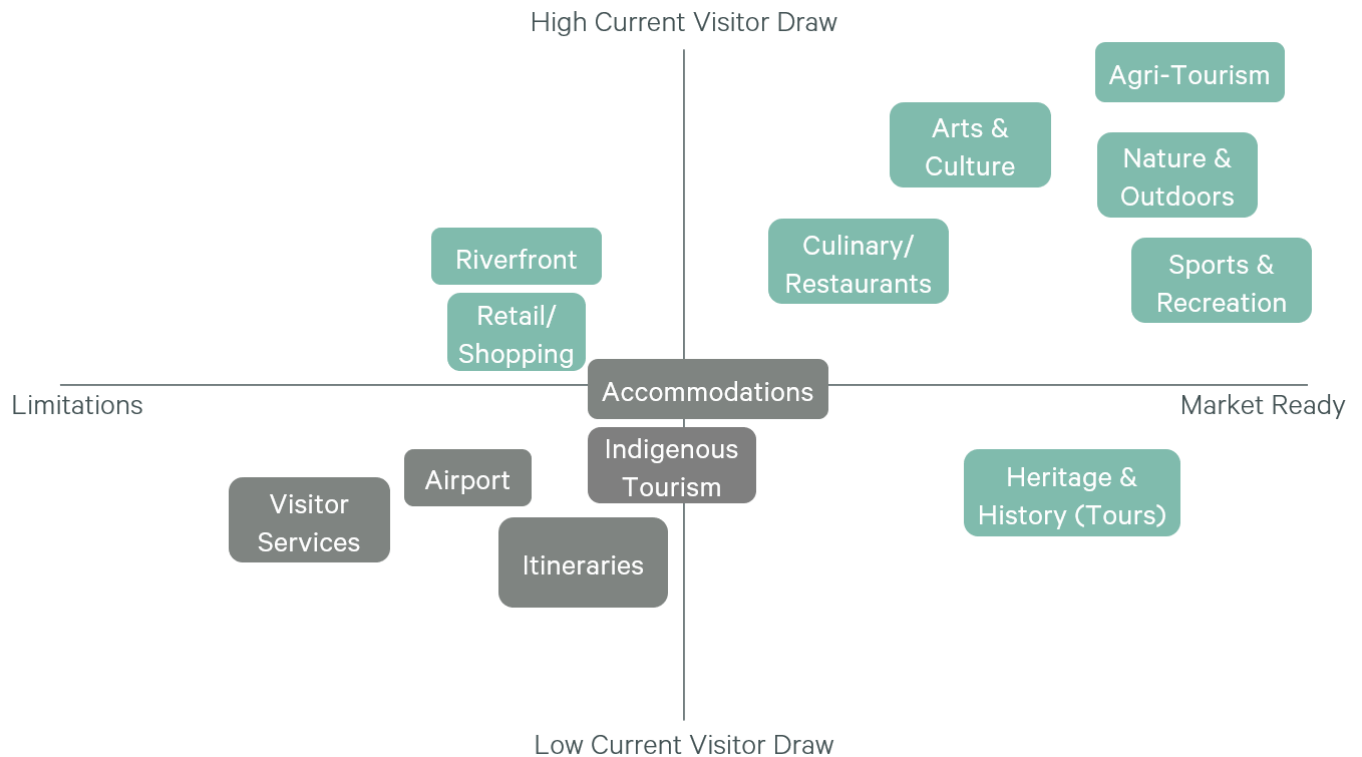
Tourism Product Analysis

Based on the asset inventory and research above, CBRE has completed an analysis of Middlesex County's tourism assets based on their draw, duration, off-season potential, and market readiness. This analysis will help to identify signature visitor experiences as well as those assets that require additional investment to address current limitations.

Tourism product categories have been assessed on the following characteristics of their assets:

- **Draw** refers to the impact the assets have in drawing visitors to the destination. It is based on the Ontario Ministry of Tourism, Culture and Sport definition of a tourist as someone travelling more than 40 kilometres from their residence one way or staying overnight. A high rating in this category would indicate the asset is of great interest to visitors from outside of the area and as many as a third of all attendees/visitors originate from outside the area.
- **Market-readiness** is the degree to which the destination is prepared to meet the expectations of the target customer. A high rating in this category would mean tourism stakeholders participate in County-related tourism efforts, front line staff are trained in customer service, sites/experiences have high resolution photography and video footage for promotional purposes, and assets are able to accept reservations by website, phone, or email and provide same day confirmation of booking arrangements.

The CBRE Team also considered the **duration** (length of time a typical visitor will want to remain at the asset) and **off-season potential** of existing assets in this assessment.



- Agri-tourism, nature & outdoors (e.g., conservation areas), and sports & recreation are the highest performing sectors in Middlesex County in terms of their existing visitor draw and market readiness.
- Arts & culture and culinary establishments are also gaining notoriety and have the potential to be strong draws for the region.
- Middlesex County has a diverse collection of communities with various accommodation options such as B&B’s, campgrounds, farm stays motels/inns. However, some assets need a better online presence and require upgrades which could lead to a higher visitor draw. The County has only one hotel, which limits its capacity for overnight demand from upscale leisure and corporate visitors, and creating packages to better promote the area for longer stays.
- Heritage venues like the Museum Strathroy Caradoc and the Lucan Area Heritage and Donnelly Museum are market ready, but could have stronger demand if clustered and promoted as part of larger experiences.
- Private operator itineraries and Indigenous tourism experiences are available, but could draw higher demand with additional products/experiences and participating tourism operators. Public-private partnerships are vital for generating demand. Middlesex County could benefit from a reciprocal relationship with London International Airport. Although not a short-term solution, there may be potential for the County and the Airport’s carriers to develop package options with local businesses (e.g. accommodations, golf courses, culinary, etc.).

Public Sector Opportunities

A sustainable tourism destination requires both private and public investment working in tandem. A number of public-sector opportunities arose during the consultation process. These public sector opportunities are important considerations for the County as they relate to its current and future role in the support and development of tourism. For example, it was noted that visitor services and related infrastructure are limited, particularly in the form of wayfinding signage and access to public washrooms, due in part to limited resources at the local municipal level, and limited County budget for tourism development. Many partners mentioned limitations of internet access and cell service in more rural areas of the County. These opportunities have been included here under a separate heading. The following opportunities address non-product related gaps.

- Advocate for increased support infrastructure (e.g., parking, public washrooms, bike lanes and/or paths, public transit) to allow residents & visitors better access to enjoy tourism assets.
- Improve the Thames River access infrastructure (e.g., boardwalk, boat launch, programming, etc.).
- Develop a unifying tourism identity and marketing for the County:
 - Consider refocusing Wayfinding strategy implementation; comments indicated that the current “Grassroutes” signage program is underutilized and may need to be repurposed, and Tourism Asset & Experience Map should include public washroom locations.
 - Manage first impression of Middlesex County for visitors arriving via highway.
 - Develop a cohesive marketing strategy & destination identity (in collaboration with regional marketing partners)
 - Offer a brand manual with group advertising options for businesses (pay-to-play)
- Develop both paper and digital maps and itineraries.
- Improve internet connectivity and cell service across the County, particularly in the urban centres.
- Enhance collaboration between County and lower tier municipalities re: tourism initiatives.
- Create more history and heritage tours.
- Cut out red tape (e.g., conduct site rezoning in advance to encourage commercial use)
- Consider implementing agriculture/rural-specific incentives through local CIPs.

Potential Tourism Investment Opportunities for Middlesex County

Opportunity Identification

As part of the subject study, the CBRE Team consulted with a variety of stakeholders to gain insight into new tourism development/experience opportunities, potential partnerships and ownership/management types, and potential site locations for new tourism assets in Middlesex County. Based on the feedback from the combination of stakeholders, over 20 opportunities were initially identified. Several opportunities were eliminated, either due to major requirement for public sector involvement OR limited potential for private sector interest, including:

- Cycling routes
- Photo Tours
- Visitor Information Centre / Restaurant / Public Washrooms

In narrowing down an appropriate long-list, certain goals and objectives came to the forefront:

- Opportunities have been based around specific asset groupings and gaps that are evident across the region, not specific to one community, such as limited year-round attractions.
- Preference has been given to leveraging attributes that are already present in the area (i.e. agri-tourism, outdoor adventures, etc.).
- According to local operators, London and the Greater Toronto Area (GTA) are the largest sources of visitation to Middlesex County – thus development opportunity concepts have considered nearby competitive attractions and market demand factors.
- Middlesex County is well located at the confluence of major highways (401, 402) within Southwestern Ontario.
- Many Middlesex County tourism offerings are seasonal, thus any tourism investment opportunity that is developed needs to be attractive to both the resident and tourist markets (particularly visiting friends and relatives).

Further, there is a requirement to balance the “need” for developing tourism “attractions and demand generators” with the reality of identifying projects that represent the strongest potential for attracting private sector and/or private/public sector investment.

With these objectives in mind, CBRE narrowed down the long-list to 12 opportunities for tourism investment, which have been listed below:

1. Small Hotel / Corporate Retreat with Meeting Space
2. Unique Accommodations (e.g., Farm Stays)
3. Transient Accommodations on Golf Courses

4. Hotel & Indoor Waterpark
5. Multi-Use Event Centre
6. Glamping and Outdoor Adventures
7. Tourist Commercial Businesses on Thames River
8. Immersive Light Experiences/Art Installations
9. Microbrewery, Cidery or Distillery
10. 4-Season Farmers Market
11. History and Heritage Venue for Archives
12. Sport Tourism Venues and Experiences

Evaluation of Top 12 Tourism Opportunities

The short-list of 12 tourism investment opportunities was evaluated through an opportunity matrix, focusing on those private sector opportunities that provided the most appropriate attraction and capital investment options for Middlesex County. Key criteria that were used to evaluate each opportunity included the following:

PRIVATE SECTOR INVESTMENT POTENTIAL

- Does it have a strong likelihood of private sector investment?
- Is there a project proponent/champion identified?
- What is the required level of capital investment? (high, medium, low)*
- Could it be investment ready in the short to mid-term?

SITE CONSIDERATIONS

- Is there an available site or likelihood of an available site?
- What is the level of infrastructure requirement? (high, medium, low)*

MARKET AND FINANCIAL FEASIBILITY

- Does it fill a market need? (Level of competition/seasonality)
- Does it have the potential to be economically feasible?

TOURISM DESTINATION/APPEAL FACTORS

- Will it enhance tourism clustering/package opportunities in Middlesex County?
- Will it increase the length of stay in the County?
- Does it appeal to the local resident markets?

Each criterion was evaluated based on a score of one to five, wherein '1' represents the highest constraint to development, and '5' represents the strongest potential for development. Each criterion was then assigned a weighted value of 1 to 5. Private sector investment potential and market and financial feasibility were given the highest weightings.

The total score for each of the 12 opportunities was calculated by multiplying the opportunity score by criteria weight, for a maximum score of 195 points.

NOTE: With respect to the level of capital investment, a high score denotes low capital cost, and a low score denotes high capital cost. This criterion score was weighted against an optimal score of five. Similarly, in the case of infrastructure requirements – a high score denotes a low level of infrastructure requirements, while a low score denotes a high level of infrastructure need, which often necessitate public sector involvement.

The results of the CBRE Team's evaluation are summarized in the following chart.

Evaluation Results

Based on the preliminary macro analysis, and the results of the evaluation matrix, the project team recommends the following top three tourism concepts for feasibility assessment.

1. Glamping & Outdoor Adventures

“Glamping” is a concept that involves the development of an outdoor adventure experience offering unique overnight accommodations in a natural environment, incorporating one or more outdoor adventure activities, such as cycling, aerial ropes course, trail adventures, snowshoeing, or cross-country skiing. In consideration of the terrain and available sites in Middlesex County, this concept is positioned to attract youth, young adults and “boomers” who want to enjoy the outdoors and gain adventure but are also environmentally-conscious, all of which are included in the County’s target markets. The Outdoor Adventure Experience has been positioned as a seasonal operation, open from May to October, and open over weekends throughout the balance of the year based on demand. It would be well suited to capture demand from overnight leisure-based markets to Middlesex County.

2. Small Hotel/Resort/Corporate Retreat Centre

This concept involves the development of a 50-room hotel with 2,500 square feet (SF) of meeting and event space, and 50-seat restaurant, which can be used for leisure and social events and/or corporate retreats. This is a year-round concept that will appeal to corporate and leisure travellers. The event space will fill another existing gap in the County’s inventory in terms of both increasing overnight demand and providing multi-use event facilities.

3. Microbrewery, Cidery or Distillery

Given the focus on agri-tourism in Middlesex County, a microbrewery, cidery or distillery would be a strong concept for driving year-round, overnight leisure demand. It also helps to enhance the County’s existing strength in agri-tourism into a new product opportunity, with increased target markets. The concept for Middlesex County involves development of a microbrewery with a small retail area and tasting room, and a potential partnership with a local restaurant to offer light foodservice.

Each of the top 3 tourism product concepts for potential investment yielded positive results from a preliminary feasibility and market assessment perspective, representing a range of market interests for visitors to, and residents of, Middlesex County, and varying levels of economic benefit to the area.

Glamping and Outdoor Adventures

Glamping and Outdoor Adventures Investment Opportunity

What is Glamping?

Technically defined as the literal joining of the words camping and glamorous, “glamping” is a style of luxury accommodations that has become popular with tourists looking for unique experiences, outdoor adventures, and luxury travel. While glamping began as luxury safari-style tents, it has grown to include a plethora of unique accommodation styles including tipis, cabins, treehouses, yurts, Parks Canada’s oTENTiks, refurbished RVs, geodomes, and more. While the style of accommodation may vary, glamping has several key characteristics:

Unique: Whether guests are waking up in a treehouse suspended in a forest, camping in a mountain-top yurt, or stargazing in a geodome, glamping experiences are unique and offer alternative style accommodations to the traditional hotels, campgrounds, bed & breakfast establishments, etc.

Eco-Friendly: Often an integral part to glamping, being environmentally conscious from construction materials and methods to energy usage and waste during operations is key. Glamping facilities often include composting toilets, solar power panels, working gardens, etc.

Natural Surroundings: Despite the “glamorous” interiors, glamping guests choose this type of accommodation to experience nature and be removed from cities and suburbs. Glamping accommodations are often in remote areas but strategically located to still be accessible and close to basic amenities and servicing infrastructure.

Adventure: As with the natural surroundings characteristics, glamping is often paired with outdoor activities such as hiking, mountain biking, white water rafting, canoeing, animal watching; or it is paired with culinary experiences, local wine, cider or brewery tasting, etc.

Glamping Business Models

There are several business model options for a glamping investment opportunity, including but not necessarily limited to:

- Development by a landowner, interested in building glamping units on their land and operating the business as the proprietor;
- Development by an existing campground or lodge operator, as an expansion to their service offering;
- Development by an investor on leased land or purchased lands;
- Development by an investor in partnership with another tourism business, such as outdoor adventure experience, public park lands, paddling/kayaking routes, existing campground or lodge on their lands, as a profit-sharing arrangement; or
- Development partnership between a landowner and a 3rd party glamping organization.

Parties interested in glamping accommodations have the option to either operate their own accommodations or to partner with existing companies.

Glamping Structures

In terms of the glamping structure, while there are many options available, the most common types include:





Geodesic Dome	Yurt	Canvas Wall Tent	Eco-Pods
			
<p>Semi-permanent spherical structure built on a wooden platform. Typically, a galvanized steel frame covered in an opaque, weather-resistant cover. The cover typically has a transparent “window” portion in the dome cover or a transparent ceiling for sky views.</p>	<p>Semi-permanent round structure built on a wooden platform. A lattice wooden frame is covered in layers of fabric with varying options for insulation and weather proofing. Yurts can be built two stories high to allow for bunk beds and can allow windows.</p>	<p>A hybrid semi-permanent structure with the wooden base and frame of a cabin with tented walls and roof. As with a cabin, these can be outfitted with heating and plumbing. Cooking facilities can be added, though typically a barbeque or fire pit keeps guests feeling closer to nature.</p>	<p>Semi-permanent, hard-walled, and pre-fabricated structures. Exterior is typically made of wood, with insulation, soft floor covering or carpet, and often a double-glazed window and lockable doors to reduce condensation and provide sound insulation.</p>
<p>Qualities: year-round operation, can be outfitted with heating, plumbing, medium capacity (2-4 adults)</p>	<p>Qualities: year-round operation, can be outfitted with heating, plumbing, higher capacity (4-8 adults)</p>	<p>Qualities: year-round or seasonal operation depending on heating, medium capacity (2-4 adults)</p>	<p>Qualities: year-round operation, typically smaller capacity (max 2 adults)</p>
<p>Additional Site Requirements: Potable water, kitchen/fire/BBQ pit or food service.</p>	<p>Additional Site Requirements: Potable water, kitchen/fire/BBQ pit or food service</p>	<p>Additional Site Requirements: Potable water, kitchen/fire/BBQ pit or food service</p>	<p>Additional Site Requirements: Washroom facilities, potable water, kitchen/fire/BBQ pit or food service</p>

Image Source: [Luna-Glamping](#), [Acadia Yurts](#), [Sepaq](#), [Quality Unearthed](#)

Amenities

For an upscale glamping experience, amenities should include high-quality linens and bedding, a kitchen equipped with cooking wares and utensils, potable water, a sitting area, electricity with outlets and charging stations, and Wi-Fi access. For convenience, especially in winter months, washrooms should be located either inside the glamping structure or at least on the same site as the unit, as opposed to at a comfort station. Outdoor amenities on the site should include a barbeque and/or firepit including propane/firewood.

To elevate the glamping units and provide a luxury feel, accommodation units often include unique accents such as chandeliers, hand crafted furniture, plush rugs, or locally significant accessories such as printed pillows or art.

Access to additional services or facilities including recreation areas/sites, lakes, trails, recreation equipment (e.g. bicycles, cross country skis, snowshoes and canoes) and/or guiding services will provide a greater opportunity for return on investment to the operation and enhance the guest experience.

Administration and Staff Housing

Depending on the site location and business model, a central administration building may be required to accommodate a reception/check in area; housekeeping/linen supplies, and/or equipment rentals. On-site accommodations for 1 or 2 staff could be accommodated in the administration building or as an additional glamping unit. In situations where the glamping experience is an extension of an existing campground, lodge or other tourism business, current facilities can be utilized.

Food and Beverage Services

Depending on the experience offered, consideration will also need to be given to the provision of food & beverage services, which can range from guests bringing all of their own supplies with a BBQ, microwave and small refrigerator supplied with each unit, to an all-inclusive luxury experience with a personal chef preparing meals for guests. In situations where the glamping experience is part of or in close proximity to an existing tourism operation, guests may have access to an on-site restaurant.

Site And Locational Considerations

Site Considerations

Ideally a glamping site should be in a natural environment with assets such as a lake, river, forest and/or offering picturesque views, with road access, and site servicing. Suitable sites should be close to demand generators which can benefit from access to nearby unique accommodations (i.e. adventure parks, bike or paddling routes, ski areas, recreational lakes, etc.). To ensure guests enjoy a remote experience in a natural environment, a glamping site should allow for 3 to 4 units per acre.

Infrastructure Requirements

In terms of infrastructure, it will be imperative that the site selected for the glamping operation is equipped with basic services, such as potable water, electricity, plumbing and heating, as well as cell and internet service. If the site does not have direct access to infrastructure requirements (road access, electricity, potable water, access to sewer or septic system or a holding tank for wastewater), the capital costs may become prohibitive.

Zoning and Regulations

Developers will need to seek out local Planners to provide advice in ensuring policies are met to develop and operate a glamping business and building inspectors to ensure all building codes are met in the development of the units. Interested parties should also consult with various provincial and local departments, such as Ministry of Transportation/Municipal Roads departments, Ministry of Agriculture and Ministry of Environment to consider any issues they may have concerning a glamping development.

Target Markets for Glamping

Glamping is continuing to grow in popularity and when combined with outdoor adventure experiences, this investment opportunity will offer an appealing tourism destination within Middlesex County. Target markets for glamping may include families, couples, individuals, corporate groups, and those attending special events in the area, including:

- Visitors who enjoy camping and outdoor experiences but who are unable or unwilling to bring and setup camping gear;
- First-time campers that do not want to make the large initial investment required for traditional camping gear;
- Summer season independent leisure travelers, including both domestic and international visitors, who are looking for a “close to nature” experience;
- Millennials, who have a non-materialistic mindset, but are willing to pay a little more for luxury;
- Baby boomers, who enjoyed camping when they were younger, but are no longer willing to sleep on the ground;
- Young families and families travelling with grandchildren who want the convenience of turn-key camping;
- Small corporate and leisure groups and retreats looking for a unique outdoor adventure experience; and
- Individuals and groups attending special events in Middlesex County, such as festivals and sporting events, etc.
- The comforts and conveniences offered by glamping are also attractive to seniors. This segment currently comprises approximately 21% of visitors to Region 1, and this market is expected to continue to increase over the next 10 years.

Comparable Glamping & Outdoor Adventures Experiences In Ontario

Comparable glamping experiences offered in Ontario range from basic yurts offered at several provincial and national parks to luxury canvas wall tents with meals and outdoor experiences on private lands. The following list provides detail on the experiences that were deemed most comparable to a new upscale glamping establishment in Middlesex County. (NOTE: Texas Longhorn Ranch and Fernwood Hills are already located in Middlesex).

Texas Longhorn Ranch

1745 Melwood Dr, Kerwood, ON N7G 3H5

- An existing cattle ranch with 6 unique covered wagon style accommodations offering queen size beds, covered front porch, and a private outdoor fireplace.
- Meals such as Breakfast and Dinner are included in the dining hall/lounge, along with a coffee hut on site.
- Amenities include a swimming pool, mini golf, wagon ride and canoeing, for adults only
- Offers a shared restroom and full service bathrooms with showers at the main building.



- Separate from the glamping experience, an adult only campground is also offered on property.

Fernwood Hills

9533 Oxbow Dr, Komoka, ON

- 2 luxury minimalist cabins located in the heart of southern Ontario offering queen size beds, private campfire pit, and offers full privacy while offering a fully immersible experience in the forest with close up views of local wildlife.
- Open year round and located within 10 minutes of the City of London.
- Fully climate controlled



Back Forty Glamping

145166, Side Rd 16, Meaford, ON

- 5 geodesic domes spread out in the forest or in the open fields.
- Each dome can accommodate up to 2 guests and has a King size bed with a private hot tub, offer heating and air conditioning, a kitchenette, outdoor seating area, BBQ grill and fire pit, and heated floors.
- Surrounded by multiple venues such as the Meaford Harbour and marina, Blue Mountain Village, ranches, and farms.



Glen Oro Farm

2574 Line 10 N, Hawkestone, ON

- 14 luxury camping units that consists of domes and tents that each offer private bathrooms, environmentally friendly amenities such as open sinks and toilets, and UV filtered water systems, a kitchenette, and a BBQ area.
- A sauna and cold plunge are available for guests to use.
- Weekends have a 2-night minimum stay policy



Alabaster Acres

18692 Hurontario St, Caledon Village, ON

- 3 luxury prospector tents featuring king size beds, hardwood floors, fireplace, and a porch. Includes heated mattress pad, duvets, BBQ area, fire pit and antique claw foot open bath, and small kitchen.
- On site experiences include maple syrup workshop, animal feeding experiences, and child friendly activities.
- Continental breakfast included daily.
- In the camping area, hand washing sinks, bathtubs, and showers are available for use. Moreover, there are completely functional restrooms around 65 meters from the tents that have individual lockable toilet rooms



Lungovita Beach Retreat

225 County Rd 50 E, Harrow, ON

- Features 39 rustic geodesic domes. Each dome varies in size and location but are all equipped with modern comforts such as heat, electricity, and A/C.
- Amenities include year-round hot tub and cedar barrel saunas, a swimming pool, kayaks, beach volleyball court, individual bonfire pits at each accommodation, beach lounge, and a spa.
- 6 wineries located within 30 minutes of biking distance



Homegrown Hideaway

524 St John's Rd E, Norfolk County, ON

- 17-acre, 5 luxury prospector tents featuring private firepit and BBQ, Queen size beds, private firepits and cooking grates.
- Unique experiences include harvesting wild tea.
- Plenty of summer concerts from June – August hosted in their rustic barn.



Erie View Glamping

825 Barrick Rd, Port Colborne, ON

- This 40-acre hosts 2 biosphere domes nestled on a cliff in the forest offers views of Lake Erie all year round.
- Each dome includes: a queen size bed, cooking utensils, gravity fed showers, a propane BBQ, and a fire pit.



Harmony Resorts

174-366 Dufferin County Rd 25, Grand Valley, ON

- Features 3 levels of glamping that includes cottages, cabins and tiny cottages that are fully furnished and include: full size kitchens, washrooms with bath-tub, fire pits/BBQ, a deck, camp stove, and an outdoor dining table.
- Amenities include a heated pool, a playground, laundry, access to nearby river.
- Lots of hiking options available near the Grand Valley Trail, the Upper Grand Trailway, and the Luther Marsh Conservation area, which also provides excellent bird watching spots



Long Point Eco-Adventures Resort & Retreat Centre

1730 Front Road, St. Williams, ON

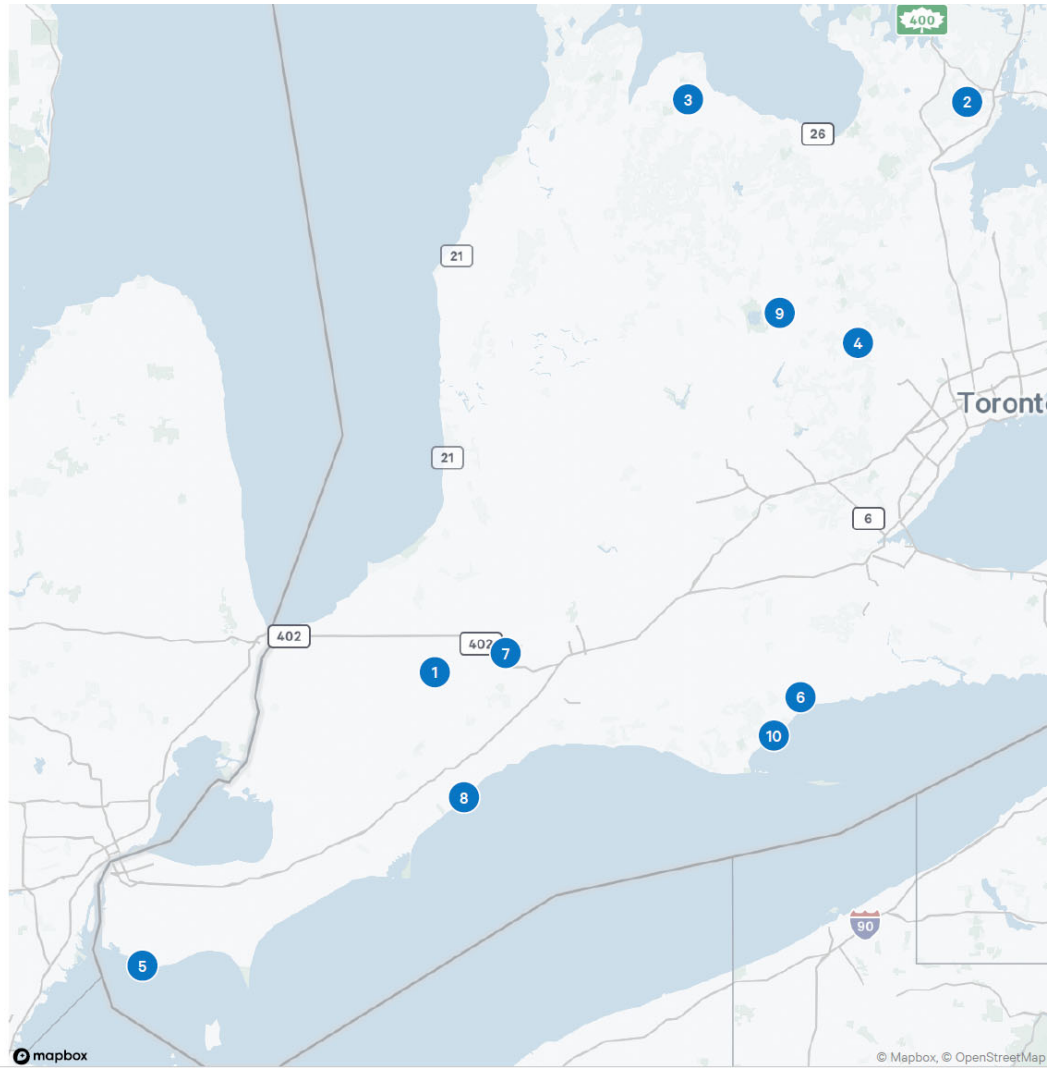
- Features 3 levels of glamping – rustic to luxury
- 15 luxury wilderness suites; featuring private flush toilet and outdoor shower, hot and cold running water, mini-fridge, hardwood floors, sliding glass locking door, private deck and electrical outlets
- Also features 15 cabins and camping pods with more rustic facilities.
- 2-night minimum stay
- Offers a number of adventures including zipline and canopy tour, long point observatory, fishing tours, zodiac boat tours, mountain biking, kayaking tours, leisure cycle tours, axe throwing, beer and wine tours.



A map identifying the location of these glamping establishments within Ontario has been included on the following page.

Competitive Glamping Market

- 1 Texas Longhorn Ranch
1745 Melwood Dr
Kerwood, ON, N0M
- 2 Glen Oro Farm
2574 10 Line N
Oro-Medonte, ON, LOL
- 3 Back Forty Glamping
145166 Sideroad 16
Meaford, ON, N4L
- 4 Alabaster Acres
18692 Hurontario St
Caledon Village, ON, L7K
- 5 Lungovita Beach Retreat
225 County Rd 50
Harrow, ON, N0R
- 6 Homegrown Hideaway
524 St Johns Rd E
Port Dover, ON, N0A
- 7 Fernwood Hills
9533 Oxbow Dr
Komoka, ON, N0L
- 8 Erie View Glamping
21779 Gray Line
Rodney, ON, N0L
- 9 Harmony Resorts
174366 County Rd 25
Grand Valley, ON, L9W
- 10 Long Point Eco-Adventures
1730 Front Rd
St Williams, ON, N0E



Comparable Pricing

Based on a review of several glamping experiences offered in Ontario, listed 2024 summer rates range from \$149 to \$480, for an average nightly rate of \$329. The average glamping attraction offers 11 sleeping units.

Comparable Ontario Glamping Experiences

Property Name	Location	Units	Other Facilities/Activities	Nightly Rate
Texas Longhorn Ranch	1745 Melwood Dr, Strathroy, ON	6	Pool, horseback riding, mini golf, canoe rentals	\$354
Glen Oro Farm	2574 Line 10 N, Hawkestone, ON	3	Sauna & Cold Plunge	\$313
Back Forty Glamping	145166, Side Rd 16, Meaford, ON	5	Hot tubs, 26 acre site	\$450
Alabaster Acres	18692 Hurontario St, Caledon Village, ON	3	Maple syrup workshop, animal feeding	\$450
Lungovita Beach Retreat	225 County Rd 50 E, Harrow, ON	39	Sauna, hot tub, pool, bonfire pits, kayak rentals	\$149
Homegrown Hideaway	524 St John's Rd E, Norfolk County, ON	5	Harvesting wild tea, summer concerts in barn	\$232
Fernwood Hills	9533 Oxbow Dr, Komoka, ON	2	Private campfire pits, climate controlled domes	\$189
Erie View Glamping	21779 Gray Line, Rodney, ON	2	Private campfire pits, gravity fed showers	\$480
Harmony Resorts	174366 Dufferin County Rd 25, Grand Valley, ON	12	Heated pool, playground, laundry	\$212
Long Point Eco-Adventures Resort & Retreat Centre	1730 Front Rd, Turkey Point, ON	30	Axe throwing, zipline, Skyview Tower, apiary, brewery	\$459
AVERAGE		11		\$329

Source: CBRE

Subject Concept for OLC Glamping Opportunity

Based on the various glamping business models and our market overview, CBRE suggests the glamping investment opportunity for Middlesex County be positioned at the upper end of the product scale, featuring 10 geodesic dome-style structures, on a 3-acre site, that is serviced and zoned appropriately. The operation would be open 7 days per week during the May to October period, and on weekends only during the balance of the year, as demand warrants. CBRE suggests that the operation be located in close proximity to major demand generators, such as bike and paddling routes, trails and conservation areas, and cross-country ski areas.

Subject Facility Program & Estimated Capital Costs

CBRE suggests the following key elements be included in the facility program:

- 10 units of geodome style accommodations, each measuring approximately 300 to 400 square feet;
- Wood/vinyl flooring;
- Room furnishings comprised of one or two beds, bedside tables with lamps, headboard, floor lamp, seating, mirror, credenza and luggage racks;
- Tasteful décor, bed linens, towels and soaps;
- Propane gas fireplace;
- Microwave, mini refrigerator and coffee maker;
- High Speed Internet (cable and Wi-Fi access);
- Extended covered area in the rear or inside the unit, housing a washroom unit;
- Outdoor wooden deck with BBQ and chairs;
- Outdoor picnic bench; and

- Connections to water and electricity and serviced by a septic tank/holding tank.

Preliminary order-of-magnitude capital costs have been estimated at **\$665,000 or \$66,500 per unit** for an upscale glamping experience. As a comparison, Parks Canada's OTENTik units cost an average of \$30,000 to install.

Subject Investment Preliminary Market Projections

CBRE has projected that a glamping investment opportunity of 10 units, which operates 7 days per week from May to October, and on weekends only during the balance of the year would achieve an estimated occupancy of 51% in its first year of operation, increasing to a stabilized occupancy of 56% by Year 3. At this level, the glamping operation would be expected to attract 1,360 occupied nights in Year 1, increasing to a stabilized demand of 1,500 occupied nights. With an average party size of 2 persons, and a minimum 2-night stay, the glamping investment has been projected to attract over 2,000 guests per annum.

Middlesex County Glamping & Outdoor Adventures Investment Opportunity

Glamping/Domes 10
 Land Requirements 3 acres

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR 1	YEAR 2	YEAR 3
Weekdays	0	0	0	0	17	16	18	16	16	18	0	0	101	101	101
Weekends (Fri/Sat/Holiday)	13	13	15	14	14	14	13	15	14	13	14	15	167	167	167
TOTAL	13	13	15	14	31	30	31	31	30	31	14	15	268	268	268
Weekdays	0	0	0	0	170	160	180	160	160	180	0	0	1,010	1,010	1,010
Weekends	130	130	150	140	140	140	130	150	140	130	140	150	1,670	1,670	1,670
ARN	130	130	150	140	310	300	310	310	300	310	140	150	2,680	2,680	2,680
Weekday	0%	0%	0%	0%	25%	35%	95%	95%	40%	35%	0%	0%	54%	57%	60%
Weekend	15%	25%	25%	25%	70%	70%	95%	95%	75%	50%	10%	25%	48%	51%	53%
ORN - Weekday	0	0	0	0	42.5	56	171	152	64	63	0	0	549	576	605
ORN - Weekend	20	33	38	35	98	98	124	143	105	65	14	38	808	848	891
ORN - TOTAL	20	33	38	35	141	154	295	295	169	128	14	38	1,357	1,424	1,496
Occupancy %	15%	25%	25%	25%	45%	51%	95%	95%	56%	41%	10%	25%	51%	53%	56%
Guest Nights (Avg Party Size = 3)	59	98	113	105	422	462	884	884	507	384	42	113	4,070	4,273	4,487
Guests (2 Night Minimum)	29	49	56	53	211	231	442	442	254	192	21	56	2,035	2,136	2,243

Source: CBRE Tourism Consulting

Subject Investment Preliminary High Level Proforma Operating Statement

A preliminary proforma for the subject Glamping investment business has been prepared for stabilized year of operation (typically Year 3), based on the following assumptions:

- The operating season would be 268 days, running from May to October, and weekends and holidays for the balance of the year;
- An inflationary factor of 2.0% per annum;
- An annual occupancy of 56% by Year 3;
- An average nightly rate of \$333 by Year 3 (based on comparable pricing);
- Approximately 90% of revenues achieved through unit rentals, with on-site rental equipment, such as bicycles, and other supplies at \$30 per occupied room night.
- Departmental expenses associated with cleaning the units, laundry and other guest supplies at 10% of revenues;
- A 3% management fee;
- Undistributed operating expenses which include administration (including staffing and IT), marketing, repairs and maintenance and utility costs estimated at 41% of revenues; and
- Other fixed charges, including insurance, property taxes and a reserve for asset replacement, estimated at 7% of revenues.

Based on these assumptions, the 10-unit Glamping Investment operation is estimated to generate a net income of approximately \$227,000 by Year 3 – or \$23,000 per glamping unit.

Middlesex County Glamping & Outdoor Adventures Investment Opportunity
FINANCIAL OPERATING PROJECTIONS (Rounded)

	Year 3	
GLAMPING UNITS	10	
Operating Days	268	
Available Camping Nights	2,680	
Occupied Camping Nights	1,496	
Occupancy	56%	
Avg Nightly Rate	\$333	
REVENUES		
Unit Rentals	\$498,000	85%
Rental Equipment	\$62,000	11%
Supplies/Other	\$23,000	4%
Total Revenue	\$583,000	100%
DEPARTMENTAL EXPENSES		
Rooms Expenses	\$50,000	10%
Other Supplies	\$9,000	10%
Total Departmental Expenses	\$59,000	10%
GROSS OPERATING PROFIT	\$524,000	90%
Management Fee	\$17,000	3%
UNDISTRIBUTED OPERATING EXPENSES		
Administration & General	\$120,000	21%
Marketing & Advertising	\$29,000	5%
Repairs & Maintenance	\$29,000	5%
Utilities	\$58,000	10%
Total Undistributed Operating Expenses	\$236,000	40%
FIXED CHARGES		
Insurance/Property Taxes	\$26,000	4%
Total Fixed Charges	\$26,000	4%
NET OPERATING PROFIT/LOSS	\$245,000	42%
Reserve for Replacement	\$17,000	3%
NET OPERATING PROFIT/LOSS	\$228,000	39%
PROFIT PER GLAMPING UNIT	\$22,800	

Source: CBRE Tourism Consulting Projections

Small Independent Hotel

Small Independent Hotel Investment Opportunity

A small, upscale hotel with conference facilities that could be used for corporate retreats, small conferences and weddings would fill several gaps in the existing market, in terms of both multi-use event space and overnight accommodations.

Hotel/Resort Business Models

There are several business model options for a hotel investment opportunity, including but not necessarily limited to:

- Development by a landowner, interested in small hotel on their land and operating the business as the proprietor;
- Development by an investor on leased land or purchased lands;
- In partnership with an event venue operator on their lands, as a profit-sharing arrangement; or
- A partnership between a landowner and a hotel management organization.

Amenities, Food and Beverage Service

It is expected that this development option would include approximately 2,500 square feet of meeting space, an on-site 50-seat restaurant (with additional outdoor seating for the summer months), and suitable complementary amenities such as a wellness studio, fitness classes, bicycle rentals, spa treatment rooms, etc. These amenities typically generate additional revenue, and they would provide a well-rounded experience and would be necessary to compete effectively for an upscale leisure visit to Middlesex County.

The hotel would include a variety of guest rooms, including standard one or two bedded rooms, and a mixture of suite configurations. It is expected that the proposed hotel would offer a clean, contemporary design. The inclusion of 2,500 square feet of meeting space would allow the property to accommodate up to 150-175 people and to compete for weddings and other events, as well as to host corporate retreats, corporate or association based multi-day meetings, and conferences. Based on interviews, it is our understanding that there is a growing interest in corporate retreats in the Middlesex County area, particularly with golf as an incentive activity, and retreats can be a valuable source of off-season demand.

Site And Locational Considerations

Site Considerations

When determining the optimum location and site for an accommodation development, developers typically consider the following characteristics:

Access –should be easily accessible and ideally situated in a convenient location with easy access to and from major arterial roadways.

Ingress/Egress – should have simple, easily accessible routes of ingress and egress.

Visibility –should allow for the hotel to be oriented in such a way that the building could be seen by traffic in all directions. It would still be necessary to supplement the building visibility with appropriate signage along major roadways and on the building and site itself.

Proximity to demand generators –should be reasonably proximate to the local demand generators such as major businesses or industrial parks as well as recreation and leisure attractions.

Proximity to support amenities –should be within walking distance or reasonably proximate to a concentration of support amenities such as restaurants, entertainment, and retail.

Availability of Municipal servicing –would ideally include existing access to the water and sewer systems. It is generally not feasible for accommodation development to be built on private water and sewer services and the additional cost to connect to municipally provided services could impact the economic viability of any development.

In general, all of the factors noted above are important considerations, however, the type of accommodation product being contemplated will influence the relative importance of one factor over another. As an example, a focused service hotel would likely place a greater weight on the site’s accessibility and visibility in order to improve the opportunity to capture “drive by” business. Conversely, an Inn or Resort development would not consider visibility to be as important because this type of property doesn’t usually have “drive by” guest business and some level of seclusion or privacy is part of the experience. As such, two developers may view the same sites very differently depending on what they are looking to develop.

In general, leisure travelers place a higher value on having amenities within walking distance and ease of access to and from major transportation routes, while corporate travelers and meeting/conference guests would expect business and industrial parks to be within a short driving distance. A hotel located on a golf course would be a destination in and of itself, and would therefore not necessarily require the proximity noted to other businesses or industrial parks.

If the location characteristics for a prospective accommodation development are not optimized for the type of product, it would have an impact on the proposed property’s ability to achieve the results projected herein.

Infrastructure Requirements

In terms of infrastructure, the site selected for the hotel operation will need basic services, such as potable water, electricity, plumbing and heating, as well as cell and internet service. If the site does not have direct access to infrastructure requirements (road access, electricity, potable water, access to sewer for wastewater), the capital costs may become prohibitive.

Zoning and Regulations

Developers will need to seek out local planners to provide advice in ensuring policies are met to develop and operate a hotel, and building inspectors to ensure all building codes are met in the project’s development, and to ensure the property is provided with adequate “curb appeal” (in terms of related road and sidewalk infrastructure). Interested parties should also speak to various provincial and local departments, such as Ministry of Transportation/Municipal Roads departments, to ensure they have full permissions attributed to hotel development.

Target Markets and Positioning

The potential positioning of future accommodation in Middlesex County as a small independent hotel development is based on these primary factors:

- This type of accommodation development would appeal to leisure travelers, which represents a significant proportion of travelers and occupied room night demand within the region.
- An independent hotel would allow for greater flexibility in design, amenities, and positioning of the property.
- This type of accommodation can include meeting space and food and beverage amenities that will provide additional revenue for the property and allow it to attract more meeting/conference demand in off-peak periods.
- The ability of the property to attract sufficient demand in off-peak periods is critical in achieving sustainable business levels year-round.
- The inclusion of a 50-seat restaurant would also help to generate additional revenue by attracting local guests and those staying elsewhere in the County.

Regional Accommodation Market Analysis

In order to identify hotel market trends as they relate to the subject property, a competitive market been identified and information on the historic performance has been drawn from data collected through the CBRE Hotels Trends database¹. On a monthly basis, CBRE Hotels obtains and monitors the occupancy, average daily rate, and revenue per available room of over 2,000 properties representing almost 55% of the Canadian hotel industry's 470,000 rooms.

A new hotel in Middlesex County would primarily compete with other hotels in the London and Middlesex County area, which have been listed in the table below. The competitive properties were chosen based on a variety of factors, including location, facilities and amenities offered, market characteristics and segmentation as well as room rate structure.

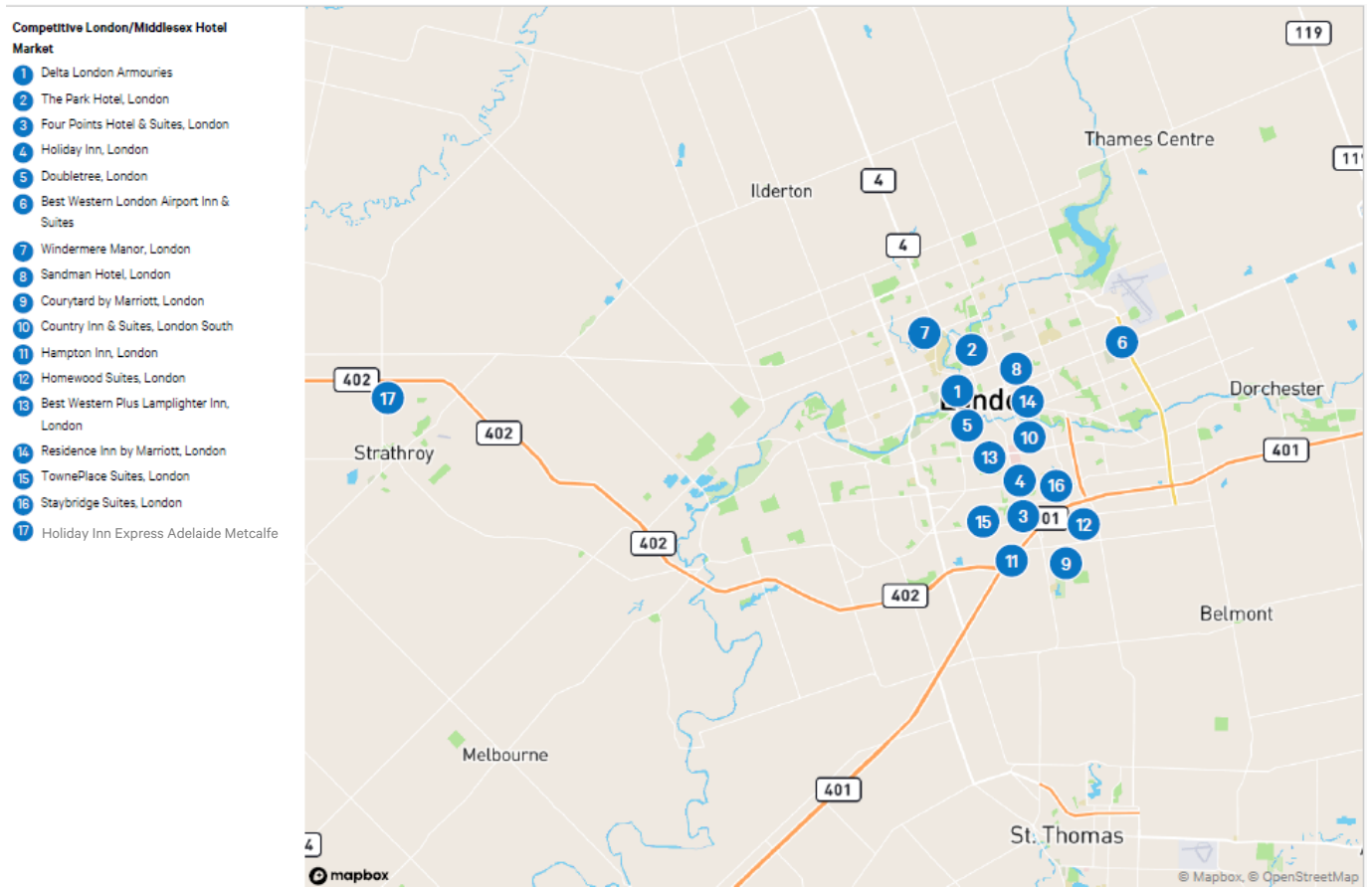
¹ <https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/trends-and-custom-reports>

Competitive Facilities

No.	Name	Address	Rooms	Type	Total Meeting Space (SF)	Meeting Space per Room (SF)	Restaurant/ Lounge	Breakfast Room	Pool	Fitness Centre	Business Centre
1	Delta London Armouries	325 Dundas Street, London	235	Full Service	9,000	38.3	X	X	X	X	X
2	The Park Hotel London	242 Pall Mall Street, London	126	Full Service	3,000	23.8	X			X	X
3	Four Points Hotel & Suites London	1150 Wellington Road South, London	180	Focused Service	15,265	84.8	X	X	X	X	X
4	Holiday Inn London	855 Wellington Road South, London	143	Full Service	1,071	7.5	X	X	X	X	X
5	Doubletree London	300 King Street, London	323	Full Service	30,000	92.9	X	X	X	X	X
6	Best Western London Airport Inn & Suites	2230 Dundas St, London	99	Focused Service	2,100	21.2	X	X	X	X	X
7	Windermere Manor, London	200 Collip Circle, London	Closed	Full Service	5,000	-	X			X	
8	Sandman Hotel London	374 Dundas Street, London	109	Focused Service	480	4.4		X		X	X
9	Courtyard by Marriott London	864 Exeter Road, London	Closed	Focused Service	1,776	-	X	X	X	X	X
10	Country Inn & Suites London South	774 Basline Road East, London	50	Extended Stay	0	N/A		X	X	X	X
11	Hampton Inn London	840 Exeter Road, London	92	Focused Service	576	6.3			X	X	X
12	Homewood Suites London	45 Bessemer Road, London	107	Extended Stay	437	4.1		X	X	X	X
13	Best Western Plus Lamplighter Inn London	591 Wellington Road, London	172	Full Service	24,686	143.5	X	X	X	X	X
14	Residence Inn by Marriott, London	383 Colborne Street, London	116	Extended Stay	452	3.9	X			X	X
15	TownePlace Suites London	800 Exeter Rd, London	126	Extended Stay	1,038	8.2		X		X	X
16	Staybridge Suites London	824 Exeter Rd, London	117	Extended Stay	320	2.7		X	X	X	X
17	Holiday Inn Express	28610 Centre Rd., Adelaide Metcalfe	53	Focused Service	1,066	20.1		X	X	X	X
Total			2,048								

Source: Compiled by CBRE Hotels

The following map shows the location of each competitor within the London/Middlesex County market.



Competitive Market Historic Performance

Based on the information contained in the Trends database and CBRE Hotels research, the following presents the performance of the competitive market over the last several years.

Competitive Market Performance Results										
Year	Rooms Available	% Change	Rooms Occupied	% Change	Occupancy Pt. Change	ADR	% Change	RevPAR	% Change	
2018	781,830	-	544,794	-	69.7%	\$132.51	-	\$90.59	-	
2019	781,830	0.0%	524,797	-3.7%	67.1%	\$132.51	1.9%	\$88.95	-1.8%	
2020	770,796	-1.4%	256,419	-51.1%	33.3%	\$111.31	-16.0%	\$37.03	-58.4%	
2021	743,140	-3.6%	357,114	39.3%	48.1%	\$109.19	-1.9%	\$52.47	41.7%	
2022	729,635	-1.8%	491,147	37.5%	67.3%	\$145.44	33.2%	\$97.90	86.6%	
2023	747,520	2.5%	526,199	7.1%	70.4%	\$163.35	12.3%	\$114.99	17.4%	
Compound Annual Growth Rate	-1.1%		0.1%			5.4%		6.6%		

Source: CBRE Hotels

- The competitive market includes mid-scale limited, focused, full service, and extended-stay hotels located in London and Middlesex. The subject hotel is not expected to compete with smaller motels and B&Bs in Middlesex County.

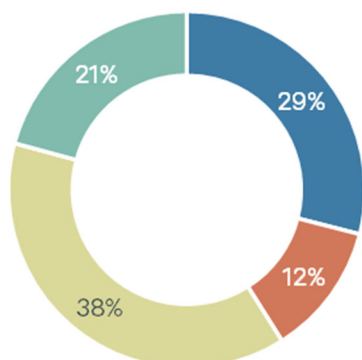
- Between 2018 and 2019 the market did not see any change in supply. In 2020, the Windermere Manor closed, and in 2022 the Courtyard by Marriott London property was damaged by a flood and subsequently closed for repairs and renovations. As a result of the closures the market has seen a net loss of 143 rooms or a 6.8% drop in supply over this period.
- The market occupancy declined from 69.7% in 2018 to 67.1% in 2019, while Average Daily Rates (ADR) increased by 1.9% to \$132.51. The improvement in rate was not enough to offset the decline in occupancy and as a result, Revenue per Available Room (RevPAR) declined by 1.8% in 2019.
- In 2020, with the various government and public health restrictions and the near complete shutdown of travel due to the Covid pandemic, occupied room night demand fell by 51.1% leading occupancy to decline by 33.9 points to 33.3%. With the complete lack of demand and only limited, lower rated segments of demand active in the market ADR declined by 16.0% or almost \$22 in 2020, and as a result RevPAR declined by 58.4% to \$37.03.
- In 2021, the market saw a significant increase in demand as the government and public health restrictions eased in the summer and early fall and some regional corporate travel resumed. As a result, demand (represented as Rooms Occupied) grew by 39.3% and with supply contracting by 3.6%, occupancy increased 14.8 points to 48.1%. Although ADR declined another 1.9% to \$109.19 due to the nature of the sources of demand and the amount of contracted rate business, the improvement in occupancy was enough to drive RevPAR growth of 41.7%.
- Market growth continued in 2022 (after Q1) as most government and public health restrictions were lifted and travel resumed. Market demand once again saw a substantial growth of 37.5% pushing occupancy up to 67.3%, which was in line with pre-pandemic levels. The significant increase in demand and general economic environment helped the market to drive ADR growth of 33.2%, more than \$36 to \$145.44. The combination of significant increases in both occupancy and ADR resulted in RevPAR growing by 86.6% to \$97.90 surpassing 2018/2019 levels.
- Occupancy and rate saw continued growth through 2023 as the market continued to see recovery from the pandemic, with a full year without any related travel or gathering restrictions. Demand improved by 7.1%, outpacing supply growth of 2.5% with the opening of the Holiday Inn Express in Middlesex County after several years of anticipation. This combination helped drive occupancy above 70% for this first time over the historic period. The return of more traditional sources of demand and general economic inflationary conditions helped to drive rate growth of 12.3%, lifting ADR to \$163.35 for the year. Overall, the competitive market saw RevPAR growth of 17.4% in 2023, reaching a new peak of \$114.99.

Market Segmentation

In most markets, overall demand varies based on the nature of travel. Accommodation demand for the competitive market is typically generated by four different segments: Corporate, Meeting/Conference, Leisure and Other.

On the basis of CBRE Hotels market research, information contained in our Trends database and discussions with local hoteliers, the estimated market segmentation for the competitive market in London/Middlesex County follows.

Market Segmentation



■ Corporate ■ Mtg/Conf ■ Leisure ■ Gov/Other

Demand Segmentation

Segment	Room Night Demand	% of Total
Corporate	152,578	29%
Mtg/Conf	63,404	12%
Leisure	200,807	38%
Gov/Other	109,410	21%

Source: Compiled by CBRE Hotels

- In 2023, Corporate business in the market was the second largest driver of demand. This segment is primarily generated by several of the large employers such as General Dynamics, CAMI Automotive, London Life Insurance and 3M Canada. There is also a significant amount of Corporate demand that is generated by the smaller corporate offices spread throughout the City of London and region. Corporate demand accounted for approximately 152,578 occupied room nights or 29% of demand last year.
- Meeting and Conference (M&C) demand in the competitive market is primarily generated by events at the London Convention Centre or in-house events that are captured/generated by the full-service properties such as the Doubletree, the Delta and the Best Western Lamplighter, although other hotels – such as the Holiday Inn – benefit from compression when large meetings/conferences are in London. The M&C business is primarily Corporate or Association in nature. The market also generates social catering demand from weddings and other social events. In 2023, this segment accounted for about 12% of the total demand in the market or 63,404 occupied room nights.
- The Leisure segment is the largest driver of demand in the competitive market and accounted for approximately 200,807 occupied room nights or 38% of the demand in the market in 2023. The market generates this demand from visitors who are in the area to attend an event, visit one of the post-secondary institutions, the hospitals or friends and family as well as transient stop over business as Middlesex County is about the mid-point between Toronto and Windsor. In addition, demand is generated by the wide variety of amateur and professional sporting events that occur all year such as volleyball, hockey, ringette, baseball, soccer, swimming, skating and gymnastics.
- The Government/Other segment plays an important role in this market, accounting for about 21% of demand or 109,410 occupied room nights in 2023. Typically, a large portion of this demand is generated by various crew (construction/maintenance and to a lesser degree airline). The market also sees demand generated by third-party booking channel demand, brand reward or associate stays and Government or long-stay demand.

Subject Facility Program and Estimated Capital Costs

The following table summarizes a potential facility program for a proposed hotel in Middlesex County.

Proposed Hotel Facility Program				
Guestrooms	% of Room Mix	Keys	Sq. Ft./Rm	Total GFA
Queen	20%	10	325	3,250
King	50%	25	350	8,750
Suite	30%	15	410	6,150
Subtotal	100%	50	350	18,150
Food & Beverage		Seats	Sq. Ft./Rm	Total GFA
Restaurant / Bar		50	20	1,000
Subtotal		50	20	1,000
Meeting/Conference Facilities		Capacity	Sq. Ft./Rm	Total GFA
Meeting Room 1		100	30	1,500
Meeting Room 2		33	10	500
Meeting Room 3		17	5	250
Meeting Room 4		17	5	250
Subtotal		167	50	2,500
Other Facilities			Sq. Ft./Rm	Total GFA
Fitness Room / Pool			20	1,000
Lobby / Public Spaces			60	3,000
BOH / Circulation			100	5,000
Total Hotel GFA			613	30,650

Source: CBRE Hotels

Preliminary order-of-magnitude capital costs have been estimated at **\$11.3 million or \$225,000 per unit** for an upscale independent hotel with conference facilities. (Note: Total GFA refers to the Gross Floor Area, which is measured in square feet).

Competitive Market Supply Analysis

CBRE considers the following factors in determining which additions to supply may affect the competitive market:

- Distance from the subject hotel
- The current and future condition of the physical plant
- The type of facilities and amenities to be offered
- Information from hotel operators on “who” would be considered a primary competitor

It should be noted that information regarding proposed hotel developments may vary once the planning department grants approvals or hotel development financing is finalized. While CBRE has made attempts to determine the level of new supply entering the market, it is impossible to determine every hotel that will be developed in the future or when they will be completed. The inherent risk of any future new hotel supply has been implicitly considered in the selection of a stabilized occupancy level for the subject property.

Based on information available, discussions with hotel operators and our general knowledge of the industry, the following outlines the supply that is expected to impact the competitive market over the projection period.

Summary of Proposed Supply Changes

No.	Name	Rooms	Probability	Type	Opening Date	Status
1	Delta London Armouries (Balance)	11	100%	Full Service	1-Jan-24	Open
2	Holiday Inn Express Strathroy (Balance)	37	100%	Focused Service	1-Jan-24	Open
3	Courtyard London Re-opening	122	100%	Focused Service	1-Dec-24	Reopening
4	Staybridge Suites	4	100%	Extended Stay	1-Jan-25	Renovation/Reposition
5	Hard Rock Hotel (Phase 1)	163	100%	Full Service	1-Jan-25	Proposed
6	Hard Rock Hotel (Phase 2)	190	100%	Full Service	1-Jan-28	Proposed
7	Middlesex County Hotel	50	100%	Full Service	1-Jan-27	Proposed
Total		577				

Source: CBRE Hotels

- It is our understanding that the Delta London Armouries hotel increased its room count from 220 to 246 in June of 2023. As a result of the mid-year increase in rooms 11 additional rooms will effectively impact the market in 2024.
- In March 2022, the 120 room Courtyard London closed for renovations following a flood. It is our understanding that the hotel is undergoing a complete gut renovation and is expected to reopen with two additional rooms in 2025 once the renovations and repairs are complete.
- In January 2021 there was an announcement that a 253 room Hard Rock Hotel would be developed at the site of the former Kellogg's Canada Factory. The announcement indicated that the hotel would open in two phases, with Phase 1 (163 rooms) in October 2022, and Phase 2 adding a further 190 rooms in 2025. Due to the impacts of COVID the site was inactive for some time, and it is our understanding that Phase 1 of the hotel is projected to open in 2025 and Phase 2 in 2028.
- We have included the **subject small independent 50-room hotel entering the Middlesex County market in January 2027.**

Over the projection period, supply in the competitive market is expected to see a net increase of 577 rooms – a 28.2% increase in supply.

Market Demand and ADR Projections

The demand projections prepared for the competitive market are based on the economic outlook for the area, current market dynamics and anticipated changes in demand patterns throughout the projection period. The following summarizes our projections for future market room demand and ADR growth taking into consideration the above noted supply additions.

Projected Market Performance Summary

Market Projections	Actual 2023	Projection 2024	Projection 2025	Projection 2026	Year 1 2027	Year 2 2028	Year 3 2029
Total Demand							
Occupied room nights	526,199	539,354	593,289	593,289	607,147	655,719	668,834
Demand growth		2.5%	10.0%	0.0%	2.3%	8.0%	2.0%
Total Supply							
Available Room Nights	747,520	770,857	870,525	870,525	888,775	960,750	958,125
Supply Growth		3.1%	12.9%	0.0%	2.1%	8.1%	-0.3%
Market Occupancy	70.4%	70.0%	68.2%	68.2%	68.3%	68.3%	69.8%
Market ADR	\$163.35	\$166.62	\$169.95	\$173.35	\$176.82	\$180.35	\$183.96
Market RevPar	\$114.99	\$116.58	\$115.83	\$118.14	\$120.79	\$123.09	\$128.42
Rate Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: CBRE Hotels

- In 2024, the market is projected to see demand growth of 2.5% which when coupled with the increase in supply, as a result of the balance of the rooms from the Delta London Armouries, is expected to result in occupancy remaining stable at 70%.
- In 2025, with the new supply entering the market demand growth is projected to be 10.0%. The market is expected to see a dip in occupancy as the new supply is absorbed. The increased capacity during peak periods and induced demand generate by the Hard Rock in particular is expected to drive the demand growth in 2025. By the end of 2025 market occupancy is projected to be 68.2%.
- With the subject hotel in Middlesex County entering the market, a similar level of demand is expected to be induced in 2027, and occupancy is expected to remain stable.
- The market demand is projected to grow by 2.0% in 2029 with occupancy rebounding to 69.8%.
- As noted, in 2023 market ADR finished at \$163.35 growing by 12.3% over 2022. Given that ADR is currently more than \$30 ahead of 2019 levels, demand growth is moderate and macro-economic conditions are softening over the balance of the projection period the market ADR is expected to grow by 2.0% per annum.

Subject Investment Preliminary Market Projections

CBRE has projected that an upscale independent hotel of 50 units, which operates year-round, would achieve an estimated occupancy of 64.5% in its first year of operation, increasing to a stabilized occupancy of 70.2% by Year 3. At this level, the hotel would be expected to attract 11,773 occupied nights in Year 1, increasing to a stabilized demand of 12,806 occupied nights, and market penetration just above fair market share at 100.5%.

From an ADR perspective, a brand new property in the London/Middlesex County market with upscale facilities and conference space is expected to achieve rates of \$201.64 in Year 1 increasing to \$209.79 by Year 3, which is \$26 higher than the projected market ADR. Given this positioning, the subject hotel is expected to achieve 115.4% RevPAR penetration by Year 3 (stabilized year of operation).

Middlesex County Hotel Segmentation Projections

Supply	Year 1 2027	Year 2 2028	Year 3 2029
Middlesex County Hotel	50	50	50
Total Market Supply	2,435	2,625	2,625
Fair Share of Supply	2.1%	1.9%	1.9%
Demand Projections	Year 1	Year 2	Year 3
Total Fair Share Demand	12,467	12,490	12,740
Total Demand Captured	11,858	12,294	12,803
Overall Performance	Year 1 2027	Year 2 2028	Year 3 2029
Market Occupancy	68.3%	68.3%	69.8%
Projected Subject Occupancy	65.0%	67.2%	70.2%
Subject Market Penetration	95.1%	98.4%	100.5%
Market ADR	\$176.82	\$180.35	\$183.96
Projected Subject ADR	\$201.64	\$205.68	\$209.79
Subject ADR Penetration	114.0%	114.0%	114.0%
Market RevPAR	\$120.79	\$123.09	\$128.42
Subject RevPAR	\$131.02	\$138.17	\$147.18
Subject RevPAR Index	108.5%	112.3%	114.6%

Source: CBRE Hotels

Subject Investment Preliminary High Level Proforma Operating Statement

A preliminary proforma for the subject independent hotel business has been prepared for stabilized year of operation (typically Year 3), based on the following assumptions:

- An operating season of 365 days;
- An inflationary factor of 2.0% per annum;
- Stabilized occupancy of 70.2% by Year 3;
- An average nightly rate of \$209.79 by Year 3 (which is in line with the high-end of the existing market);
- Approximately 79% of revenues achieved through room rental, with another 18.5% generated by food & beverage at the restaurant and in the meeting rooms, another 2% for other operated departments (e.g., spa and on-site equipment rentals), and less than 1% miscellaneous revenue.
- Departmental expenses associated with rooms, food & beverage and other operated departments are projected to reach 37.7% of revenues in Year 3;
- A 3% management fee;
- Undistributed operating expenses which include administration, marketing, IT and telecommunications, repairs and maintenance and utility costs estimated at 22% of revenues; and

- Other fixed charges, including insurance, property taxes and a capital service (also known as a “replacement reserve”), estimated at 10.4% of revenues.

Based on these assumptions, the 50-room upscale independent hotel/resort operation is estimated to generate a net income of approximately \$915,389 by Year 3 – or \$18,309 per room.

Middlesex County Hotel
FINANCIAL OPERATING PROJECTIONS (Rounded)

Period	Year 3	
	2029	
No. of Rooms	50	
Occupancy	70.2%	3.0
Average Daily Rate	\$209.79	2.0%
RevPAR	\$147.18	6.5%
Available Rooms	18,250	-0.3%
Occupied Rooms	12,803	4.1%
OPERATING REVENUE		% of Sales
Rooms	\$2,686,000	78.9%
Food and Beverage	\$631,000	18.5%
Other Operated Departments	\$63,000	1.9%
Miscellaneous Income	\$25,000	0.7%
Total Operating Revenue	\$3,405,000	100.0%
DEPARTMENTAL EXPENSES		
Rooms	\$724,000	27.0%
Food and Beverage	\$515,000	81.6%
Other Operated Departments	\$44,000	69.8%
Total Departmental Expenses	\$1,283,000	37.7%
TOTAL DEPARTMENTAL PROFIT	\$2,122,000	62.3%
UNDISTRIBUTED EXPENSES		% of Sales
Administration and General	\$321,000	9.4%
Sales and Marketing	\$132,000	3.9%
Property Operations and Maintenance	\$154,000	4.5%
Utilities	\$144,000	4.2%
Total Undistributed Expenses	\$751,000	22.1%
GROSS OPERATING PROFIT	\$1,371,000	40.3%
Management Fees	\$102,000	3.0%
INCOME BEFORE NON-OPERATING INCOME AND EXPENSE	\$1,269,000	37.3%
NON-OPERATING INCOME AND EXPENSES		
Property and Other Taxes	\$156,000	4.6%
Insurance	\$62,000	1.8%
Total Non-Operating Income and Expenses	\$218,000	6.4%
EBITDA	\$1,051,000	30.9%
Replacement Reserve	\$136,000	4.0%
EBITDA after Replacement Reserve	\$915,000	26.9%

Source: CBRE Hotels

Microbrewery

Microbrewery Investment Opportunity

Although the CBRE Team had identified the potential of a microbrewery, distillery or cidery, the subject analysis has focused on the potential of a microbrewery specifically, as this was deemed the most suitable for Middlesex County.

What is a Microbrewery?

A traditional brewery, or “Macrobrewery” produces millions of barrels of beer a year, while a microbrewery can produce no more than 15,000 barrels of beer a year. According to the Ontario Beverage Network (OBN) specifically, microbreweries are defined as “breweries with a maximum worldwide annual production of 50,000 hL.”

Microbreweries make “specialty beers”, the majority of which are usually consumed at the site of production (e.g., a brewpub). Craft breweries fall somewhere between microbreweries and macrobreweries and must produce less than 6 million gallons of beer a year. The regulations around craft breweries are also stricter, as they must use traditional ingredients such as malts, barely, water, hops, and yeast, whereas both micro and macro breweries can use additional ingredients to cut costs.

Microbrewery Business Models

There are several business model options for a microbrewery investment opportunity, including but not necessarily limited to:

- Development by a landowner, interested in opening a brewery and tasting room/brewpub on their land and operating the business as the proprietor;
- Development by an existing brewmaster, as an expansion to their service offering;
- Development by an investor on leased land or purchased lands;
- In partnership with a restaurant on their lands, as a profit-sharing arrangement; or
- A partnership between a landowner and a 3rd party microbrewery operator.

Parties interested in developing a microbrewery have the option to either operate their own facilities or to partner with existing companies (e.g. a restaurant/brewpub).

Amenities

A microbrewery typically offers a range of amenities to enhance the customer experience. Some of the more common amenities include:

Tasting Room: A dedicated area where customers can sample different beers and experience the brewery's offerings.

Bar and Seating Area: A comfortable space where customers can enjoy their drinks and socialize.

Brewery Tours: Guided tours that provide insight into the brewing process and give customers a behind-the-scenes look at the brewery.

Outdoor Seating: A patio or beer garden area where customers can enjoy their drinks in an open-air setting.

Food Options: Some microbreweries offer a menu of food items, such as appetizers, sandwiches, or even full meals, to complement their beer selection.

Live Entertainment: Occasional live music or other forms of entertainment can help create a lively and enjoyable atmosphere.

Merchandise: Selling brewery merchandise like t-shirts, glassware, or growlers can be an additional amenity for customers.

Special Events: Hosting events like beer tastings, beer pairing dinners, or beer festivals can attract new customers and create a sense of community.

Site And Locational Considerations

Site Considerations

Ideally a microbrewery site should be in an urban environment with road access, and site servicing. It should also be close to leisure demand generators (i.e. accommodations, attractions, retail, etc.). The site should be accessible for both customers and suppliers, and easily reached by major roads or public transportation. It will also have to offer ample parking for customers. Ideally site is of ample size to accommodate the necessary brewing equipment, storage areas, tasting room, bar, seating, and any other amenities, as well as parking. It should be noted that based on the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) Guidelines, on-farm diversified uses are limited to 2% of the farmland up to a maximum of 1 ha. As such, this may present a size constraint to potential agricultural lands for microbrewery OFDUs.

One popular way that microbreweries save costs is by reserving their indoor space for beer production and designing an exterior taproom, tasting room, and seating area for customers that can be covered in winter. However, this necessitates spending additional capital on exterior design.

Infrastructure Requirements

In terms of infrastructure, it will be imperative that the site is equipped with basic services, such as potable water, electricity, plumbing and heating, and good drainage systems. If the site does not have direct access to infrastructure requirements (road access, electricity, potable water, access to sewer or septic system or a holding tank for wastewater), the capital costs may become prohibitive. A developer would need to connect with local planners to consider the capacity of local utilities to meet the demands of brewing operations.

Zoning and Regulations

Developers will need to check local zoning regulations to ensure that the site is zoned for a microbrewery, and obtain the necessary business permits and licenses required for operating a brewery in that particular area. Breweries in Ontario must comply with all municipal licensing, zoning and building and fire codes. Interested parties should also speak to various provincial and local departments to consider any issues they may have concerning a new microbrewery development.

Target Markets for Microbreweries

The target market demographics for microbreweries can vary depending on factors such as location, beer styles, and branding; however, there are some common demographics:

- Microbreweries tend to attract a younger demographic, with a focus on millennials and Generation X. These age groups are often more interested in craft beer and have a willingness to explore different flavors and styles.
- Beer enthusiasts that enjoy microbreweries are often willing to spend a bit more for quality and unique brews, as such, typical customers are middle to higher-income individuals who have disposable income to spend on craft beer.
- Microbreweries tend to appeal to individuals with higher levels of education, those who value artisanal products and experiences, or are interested in the brewing process and appreciate the craftsmanship behind creating unique beers.
- Microbreweries often attract customers who prioritize supporting local businesses and have a sense of community. Locals who take pride in their neighborhood and want to be part of a local beer culture are often a target market for microbreweries.

Comparable Microbrewery Experiences In Ontario

In the Province of Ontario there are over 500 micro-breweries and distilleries. These businesses often attempt to combine traditional industrial functions with those functions typical of restaurants or retail stores, or a combination of both. The following is a shortlist of comparable facilities for a proposed microbrewery in Middlesex County.

Comparable Ontario Microbreweries				
Name	Address	Facilities	Price (Pint)	Price (Per Can)
Steam Whistle Brewing	255 Bremner Blvd Bay 6, Toronto, ON M5V 3M9	Taproom	\$8.95-\$9.95	\$3.85
Amsterdam Brewing Company	245 Queens Quay W, Toronto, ON M5J 2K9	Brewpub	\$8.00-\$9.75	\$3.25
Collective Arts Brewing	777 Dundas St W, Toronto, ON M6J 1V2	Brewpub	\$7.50 - \$10.00	\$2.95
Muskoka Brewery	1964 Muskoka Beach Rd, Bracebridge, ON P1P 1V4	Taproom	\$6.00-\$8.00	\$3.65
Bellwoods Brewery	124 Ossington Ave, Toronto, ON M6J 2Z5	Brewpub	\$9.00-\$10.00	\$4.50
Anderson Craft Ales	1030 Elias St, London, ON N5W 3P6	Taproom	\$5.50 - \$10.00	\$2.58
Broken Rail Brewing	480 Glass St, St. Marys, ON N4X 1E5	Taproom	\$5.25-\$8.00	\$3.75
Three Sheets Brewing	1246 Goderich St, Port Elgin, ON N0H 2C3	Brewpub	\$6.50 - \$9.50	\$3.65
Sleeping Giant Brewing Co	712 Macdonell St, Thunder Bay, ON P7B 4A6	Taproom	\$6.00 - \$7.50	\$3.60
Humble Beginnings Brewing Co.	25 Thorold Ln, Ingleside, ON K0C 1M0	Taproom	\$6.00-\$10.00	\$3.15
Stray Dog Brewing Company	501 Lacolle Way Unit 4, Orléans, ON K4A 5B6	Taproom	\$7.00 - \$8.00	\$3.20
Skeleton Park Brewery	675 Development Dr, Kingston, ON K7M 4W6	Brewpub	\$7.50-\$10.00	\$3.50
Glasstown Brewing Company	331 James St, Wallaceburg, ON N8A 2N5	Brewpub	\$7.00-\$8.00	\$3.00
Brasserie Tuque de Broue Brewery	189 Bay St, Embrun, ON K0A 1W1	Taproom	\$8.00	\$3.95
MacLean's Ales Inc.	10 Sandford Fleming Dr, Collingwood, ON L9Y 4V7	Taproom	\$6.50-\$8.00	\$3.30
Bancroft Brewing Co.	4 Hastings St N, Bancroft, ON K0L 1C0	Taproom	\$5.00-\$9.00	\$3.50
Bridge Masters Brewing Company	29 Beckwith St E, Perth, ON K7H 1B4	Brewpub	\$7.00-\$8.50	\$3.50
Cured Craft Brewing Co	43 Mill St W, Leamington, ON N8H 1S7	Brewpub	\$7.00-\$8.50	\$3.25
Niagara Brewing Company	4915-A Clifton Hill, Niagara Falls, ON L2G 3N5	Brewpub	\$9.75-\$12.50	\$4.55
Silversmith Brewing Co.	1523 Niagara Stone Rd, Virgil, ON L0S 1T0	Brewpub	\$8.00-\$9.00	\$3.45
Average			\$8.09	\$3.51

Source: Ontario Craft Brewers, CBRE research

Based on a review of microbrewery experiences offered in Ontario, listed 2024 rates range from \$5.50 to \$10.00 for a pint, for an average price of \$8.09, while the average price per can is \$3.51. All venues offer either an onsite brewpub with foodservice or a taproom for tasting.

A map identifying the location of these microbreweries within Ontario has been included on the following page.



Subject Concept for Middlesex County Microbrewery Opportunity

Given the strong focus on agri-tourism in Middlesex County, a microbrewery would be a strong concept for driving year-round, overnight leisure demand. It also helps to focus the County's existing strength in agritourism into a new product opportunity, with increased target markets. The concept for Middlesex County involves development of a microbrewery with a small retail area and tasting room, and a potential partnership with a local restaurant to offer light foodservice.

Subject Facility Program & Estimated Capital Costs

Equipment is generally the biggest cost encountered when opening a brewery. Microbrewery systems typically offer in the range of 3 to 7 barrels (100 litres each). The following equipment is required for start-up:

- Fermenters, boiling equipment, and brew kettles
- Test strips, meters, stock pots, and portion scales
- Walk in refrigerators for keg storage
- Bottling and packaging tools including growlers and beverage shippers
- Keg tapping, dispensing, and serving equipment

- Safety gear and equipment
- Taproom design and construction with 20 seats

The developer will also require a brewery license, which ranges from \$3,150 for a 2-year term and \$6,300 for a 4-year term in Ontario.

CBRE also recommends that a microbrewery in Middlesex County offer a tasting room and outdoor seating area for guests, but partner with local restaurants for foodservice, as opposed to offering it in house.

Preliminary order-of-magnitude capital costs have been estimated at **\$900,000** for an upscale microbrewery and taproom experience.

Subject Investment Preliminary Market Projections

CBRE has projected that a microbrewery investment, which operates from 12pm to 11pm daily with a 20-seat taproom, would have the potential of generating 80,300 covers annually. It is projected that the property would be able to generate 66,062 covers by its third and stabilized year of operation or 82% occupancy.

Middlesex County Microbrewery - Year 3 Covers by Month															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL		
Seasonality	31	28	31	30	31	30	31	31	30	31	30	31	30	31	365
# of seats	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Turns / Covers	4,743	4,536	5,301	5,400	5,859	5,778	6,138	6,026	5,724	5,747	5,508	5,301	66,062		

Subject Investment Preliminary High Level Proforma Operating Statement

A preliminary proforma for the subject microbrewery investment business has been prepared for stabilized year of operation (typically Year 3), based on the following assumptions:

- The operating season would be 365 days, with operating hours from 12pm to 11pm daily;
- An inflationary factor of 2.0% per annum;
- A seasonal occupancy of 82% by Year 3;
- An average purchase price of \$8.76 per pint and by Year 3 (based on comparable pricing);
- Approximately 32% of revenues achieved through taproom visits, with the remaining 68% generated by take-home purchases;
- Cost of goods sold for beer production at 30% of revenues;
- A 3% management fee;
- Undistributed operating expenses which include administration, marketing, staffing, repairs and maintenance and utility costs estimated at 41% of revenues; and
- Other fixed charges, including insurance, property taxes and a capital service, estimated at 5% of revenues.

Based on these assumptions, the Microbrewery operation with a 20-seat taproom is estimated to generate a net income of approximately \$388,000 by Year 3.

**Middlesex County Microbrewery
FINANCIAL OPERATING PROJECTIONS (Rounded)**

	Year 3	
Taproom Seats	20	
Operating Days	365	
Daily Operating Hours	11	
Potential Covers/Year	80,300	
Total Covers	66,062	
Occupancy	82%	
Avg Price per Pint	\$3.80	
Avg Price per Can	\$8.76	
REVENUES		
Taproom	\$578,000	32%
Unit Sales	\$1,231,000	68%
Total Revenue	\$1,809,000	100%
DEPARTMENTAL EXPENSES		
Cost of Goods Sold	\$543,000	30%
Total Departmental Expenses	\$543,000	30%
GROSS OPERATING PROFIT		
	\$1,266,000	70%
Management Fee	\$54,000	3%
UNDISTRIBUTED OPERATING EXPENSES		
Administration & General	\$90,000	5%
Salaries & Wages	\$362,000	20%
Marketing & Advertising	\$72,000	4%
Repairs & Maintenance	\$72,000	4%
Utilities	\$145,000	8%
Total Undistributed Operating Expenses	\$741,000	41%
FIXED CHARGES		
Insurance/Property Taxes	\$29,000	2%
Total Fixed Charges	\$29,000	2%
NET OPERATING PROFIT/LOSS		
	\$442,000	24%
Reserve for Replacement	\$54,000	3%
NET OPERATING PROFIT/LOSS	\$388,000	21%

Source: CBRE Tourism Consulting Projections

Potential Investment Sites

Potential Sites for Tourism Investment

Four sites were identified as having strong potential for tourism investment within Middlesex County by the Client. A description of the sites, its zoning and servicing capability are summarized below:

Site	Official Plan Designation	Zoning	Servicing capacity
#1 - 28537 Centre Road (former Amy's Restaurant site), Adelaide Metcalfe	Commercial Corridor Area, within a Priority Employment Area	Corridor Commercial (CC) Zone Permitted uses: <ul style="list-style-type: none"> - Auction Sales Facility - Automotive Repair, Sales or Service Station (in accordance with Section 5.41 of this By-Law) - Building Supplies Retail Outlet - Existing Use, lawfully existing as of the date of the passing of this By-law - Farm Equipment Sales and Service - Furniture Retail Outlet - Greenhouse, wholesale and retail (in accordance with Section 5.40 of this By-law) - Home and Auto Supply Store - Motel or Hotel - Office - Outdoor Storage - Public Storage Unit - Restaurant, including drive-thru facility - Tradesperson or Contractor's Establishment - Veterinary Services - Warehouse - Wholesaling - Accessory Office within the main building 	1-inch water supply in place, but 2-inch is required by major investors. Site is subject to water servicing agreement between the Township of Adelaide-Metcalfe and the Municipality of Strathroy-Caradoc.
#2 - 8898 Longwoods Road, Strathroy-Caradoc	Agricultural Area	Rural Commercial Zone (C4-4) Permitted uses: <ul style="list-style-type: none"> - Restaurant - Retail store (antique) 	Water servicing is private on this site.
#3 - site adjacent to FlightExec Centre (2066 Dorchester Road), Thames Centre	Parks and Open Space	Open Space (OS) Zone Permitted uses: <ul style="list-style-type: none"> - Conservation use - Forestry use - Open space - Park, public - Wildlife preserve - Works of a conservation authority 	This site is currently undergoing a redevelopment by the Municipality, but servicing is available.
#4 - site at Second Street / Centre Road (across from Holiday Inn), Adelaide-Metcalfe	Commercial Corridor Area, Special Policy Area 5, Priority Employment Area	Corridor Commercial (CC) Same as Site #1	Subject to water servicing agreement with the Municipality of Strathroy-Caradoc.

Summary of potential and limitations for existing sites:

Site #1: The Adelaide Metcalfe Official Plan designates this site as part of the Commercial Corridor area, which is intended for a range of highway commercial uses along County Road #81 (Centre Road) for primary uses that are destination-oriented and serve the travelling public. The Official Plan intends these areas to concentrate highway commercial uses in one area along the arterial road which provides an attractive, fully-serviced commercial node sufficiently separated from agricultural, residential and downtown commercial uses. With its location in proximity to the Centre Road exit from Highway 402, these lands form a gateway feature which is ideal for tourism-oriented development. The site is located within Special Urban Policy Area 5, which adds additional permissions for commercial recreation, commercial entertainment and a food store. It should also be noted that the area has also been identified as a Priority Employment Area under the Official Plan which are targeted to provide the greatest opportunity for commercial and industrial employment.

With regards to zoning, the site is zoned Corridor Commercial (CC) Zone, with permitted uses that facilitate tourism-oriented uses limited to motel/hotel/restaurant, however other tourism uses would be supportable through a site-specific zoning by-law amendment.

This site is seen as having strong potential for either the Microbrewery or Small Hotel.

Site #2: The Strathroy-Caradoc Official Plan designates this site as an Agricultural Area which includes permissions for secondary uses. While on-farm diversified uses are not explicitly outlined, some tourism-supportive uses such as bed and breakfast establishments are permitted.

With regards to zoning, the site is zoned site-specific Rural Commercial (C4-4) Zone, which limits use of the site to restaurant and retail store (antique) only. An Official Plan Amendment and Zoning By-law Amendment would be required to expand the potential for additional tourism-oriented uses at this site. Planning considerations include potentially being subject to Minimum Distance Separation Guidelines as well as constraints as a result of being within the regulated area of the local conservation authority at the north and east portions of the property.

This site is seen as having strong potential for either the Glamping and Adventures or Microbrewery opportunity.

Site #3: The Thames Centre Official Plan designates the area adjacent to the FlightExec Centre as Parks and Open Space, which are dedicated areas for publicly-owned recreational uses such as parks, fairground arenas, community centres, playing fields.

With regards to zoning, the site is zoned Open Space (OS) Zone, limiting uses to those associated with conservation, recreation and public park uses. An Official Plan and Zoning By-law amendment would be required to rezone and redesignate these areas, should a tourist-oriented, commercial use be proposed on this site.

This site is seen as having strong potential for either the Microbrewery or Small Hotel (with limited meeting space due to proximity of the Flight Exec Centre). If the Small Hotel option were to be explored, a developer would need to do their own due diligence to determine the viability of the investment opportunity without 2,500 square feet of meeting space.

Site #4: This site in Adelaide Metcalfe shares the same policy and regulatory framework as Site 1. The site is designated Commercial Corridor area, identified within Urban Policy Area 5 and is located within a Priority Employment Area under the Official Plan. The site is zoned Corridor Commercial under the Zoning By-law. Please see the policy framework and identified limitations for Site 1 above.

This site is seen as having strong potential for the Small Hotel.

Other Sites with Potential for Tourism Investment

Although not included in our site review, the Glamping and Adventures investment opportunity would be well-suited to a site within one of the County's Conservation Areas, including, but not limited to:

- Big Bend Conservation Area in Wardsville (Lower Thames Valley Conservation Authority)
- Clark Wright Conservation Area in Strathroy (St. Clair Region Conservation Authority)
- Coldstream Conservation Area in Coldstream (St. Clair Region Conservation Authority)
- Lake Whittaker Conservation Area in Harrietsville (Kettle Creek Conservation Authority)
- Longwoods Road Conservation Area / Ska-Nah-Doht Village & Museum in Mount Brydges (Lower Thames Valley Conservation Authority)
- Lucan Conservation Area in Lucan (Ausable Bayfield Conservation Authority)
- Sharon Creek Conservation Area in Delaware (Lower Thames Valley Conservation Authority)
- Strathroy Conservation Area in Strathroy (St. Clair Region Conservation Authority)

It is suggested that a developer consider contacting the appropriate Conservation Authority to determine whether they are amenable to glamping development within the designated conservation areas.

There are also several privately owned agri-tourism businesses in Middlesex County that demonstrate partnership potential for glamping.

Other Potential Investment Areas

The following development zones were also identified as having potential to accommodate commercial development (future tourism-oriented uses), according to direction in the respective municipal official plans and the CBRE Team's experience and understanding of the market:

- North Middlesex – opportunities for family-oriented, mixed-use, cultural, social, entertainment and tourism uses.
- Thames Centre - recreational tourism opportunities along the Thames River.
- Centre Road between Pannel Lane and Provincial Highway 402, Adelaide Metcalfe - concentrated commercial development.
- East side of Frances Street, Strathroy-Caradoc - recently-designated commercial areas.
- Community gateway areas at Glendon Drive/Komoka Drive, Glendon Drive/Jefferies Road intersections, Middlesex Centre, and near Komoka Wellness Centre – opportunity to become mixed-use destination areas and/or community gateways with strong potential for tourist commercial developments.

Best Practices

The following section provides some recent best practices in policy development in other areas of Ontario.

Glamping and Adventure Experience

Long Point Eco-Adventures, Norfolk County, Ontario

- Opened in 2007, [Long Point Eco-Adventures](#) began as an outdoor zip-line course and since has expanded to include guided tours, stargazing observatories, a microbrewery and bakery, and accommodations.
- In 2014, Long-Point Eco-Adventures partnered with The Algonquin Pod Company to offer guests a glamping experience.
- The [Norfolk County Official Plan \(2021 Consolidation\)](#) was adopted by Council in 2006. Long Point Eco-Adventures is situated on lands designated as ‘Hazard Lands’ (see [Norfolk County Official Plan Schedule B-10](#)) and therefore, the Long-Point Eco Adventures lands are subject to hazard policies in Section 7.3 of the Official Plan.
- Generally, the Official Plan describes Hazard Lands as lands that have inherent environmental hazards and development is permitted only in areas which are not susceptible to hazards.
- To facilitate development and expansion of Long Point Eco-Adventures, two amendments to the Official Plan were required (1-OP-2019-Amendment 120 and 17-OP-2008 Amendment 19).
- Updated policy in the Official Plan describes and defines new permitted uses based on the Official Plan amendment:
 - Policy 7.2.5.22 states that in addition to uses permitted in the Agricultural designation, several other new land uses are permitted including the following:
 - fifteen (15) overnight temporary camping pods with attached washroom facilities and a maximum usable floor area of 66 square metres each,
 - thirty (30) overnight temporary camping pods with attached washroom facilities and a maximum usable floor area of 50 square metres each, and
 - an Eco-Education Pavilion with a maximum usable floor area of 1,085 square metres.
- Policy 7.3.3.3 states that in addition to uses permitted on land designated Hazard Land, trails, canopy tours, and zip lines are permitted.

Small Hotel / Conference Centre

Hotel & Spa Development, Hillier, Prince Edward County

- The [Retail Hotel and Spa](#) Development in Hillier, Prince Edward County began with a feasibility study undertaken by the CBRE Team in 2018 as an extension of the existing Redtail Vineyards.

- The owners (Blocknote Canada Inc.) completed development plans for a 57-hectare parcel of land located adjacent to Loyalist Parkway, south of Consecon in Hillier.
- Once the owners had selected a site and completed development plans, the owners hosted a series of public meetings. Audience questions came in the form of concerns about whether there was sufficient well water supply – especially to neighbouring properties, entrance and traffic concerns, setbacks and parking, the site’s natural features, as well as the scale of the proposed development.
- The subject lands are presently designated ‘Rural’ and ‘ Environmental Protection’ on Schedule ‘E’, Land Use Designations of the County Official Plan. This included the Rural (RU2) Zone and Environmental Protection (EP) Zone. The hope is to amend the OP by changing the portion of the lands currently designated as ‘Rural’ to ‘Special Rural Section 6.5.X’ and ‘Environmental Protection.’”
- There is currently an application in for Official Plan and Zoning By-Law: [OPA-01-19 & Z59-19](#) to develop a resort consisting of: a hotel; a spa, inclusive of a cafe; a winery, inclusive of a restaurant; an event/conference centre; and recreational facilities such as a tennis court and pool.
- The details are as follows:
 - The special provisions to be considered in the development and zoning of the “Special Rural” area located on approximately 15.1 hectares of land constituting “Part of Lot 30, Concession 3 County Road No. 33 Ward of Hillier’ as follows:
 - a) In addition to the uses listed in Part IV, Section 6.2.1 the following uses shall be permitted:
 - (i) An Estate Winery and associate restaurant, and administrative/support areas
 - (ii) A Banquet/Reception Facility, inclusive of meeting rooms
 - (iii) A Nordic inspired health and leisure spa, which may include indoor and/or outdoor swimming pools, massage facilities, indoor and/or outdoor jacuzzi/hot tubs, saunas, activity rooms, and recreation areas
 - (iv) A Hotel
 - b) Through the implementing zoning by-law for the subject lands, a special tourist commercial zone will be utilized, consisting of the following types of site-specific zone provisions:
 - (i) Allowing land uses consistent with those specifically listed in Part IV, Section 6.5.X(a) above
 - (ii) The maximum number of overnight guest hotel accommodation units
 - (iii) Minimum building setbacks
 - (iv) Maximum floor area and building height for each of the contemplated uses
- The County of Prince Edward Comprehensive Zoning By-Law Policy 7.5.133 for RU1-133 Zone was amended through Amending By-Law No. 2300-2008 to allow for an estate winery.
- The following documents have been prepared and submitted for evaluation in the OPA and ZBA:
 - Preliminary Servicing Report
 - Preliminary Stormwater Report

- Civil Engineering Response Letter
 - Preliminary Fire Storage
 - Environmental Impact Study
 - EIS Addendum
 - Commercial Entrance Traffic Brief
 - Conceptual Design Drawings
 - Design Concept Brief
 - Draft OPA 80
 - Draft Zoning Bylaw Amendment
 - Ecological Response Letter
 - Market Study Update
 - MDS Calculations
 - MDS Setback Mapping
 - Noise and Vibration Study
 - Partial Property Survey
 - Planning Justification Report
 - Planning Justification Addendum
 - Response Matrix
 - Cover Letter
- Owners are still awaiting Council approval, but we are told this is imminent and considered a best practice from a development perspective, considering the level of public engagement and documentation that has been prepared.

Microbrewery

City of Greater Sudbury

- Although not a specific business, the City of Greater Sudbury represents a good example of successful policy amendments for the benefit of a tourism investment opportunity across multiple land types.
- In early 2020, the Greater Sudbury City Council commissioned a study to evaluate options for amending the City's Zoning By-law to establish a framework to accommodate small-scale breweries, distilleries and brewpubs, including a review of best practices. This was determined based on Council's recognition that Small Scale Breweries, Distilleries and Brewpubs represent a growing industry that supports local economic development and local food production.

- At the time, the City of Greater Sudbury’s Official Plan did not contain policy direction specific to any scale of brewery or distillery, and existing breweries within the City were located on lands designated Mixed Use Commercial and General Industrial.
- The Policy Options Report was prepared in March 2020, followed by a Staff Report by the Greater Sudbury Planning Services Division entitled: [Proposed Zoning By-law Amendment for Breweries, Brewpubs, Distilleries, and Wineries July 20, 2020](#).
- The Report recommended that zoning provisions would inevitably lead to the development of breweries and distilleries in other OP designated areas, and that the City would need to consider policy amendments.
- Several specific examples were cited to demonstrate why the City would need to consider broader zoning amendments:
 - Taphouse, 1500 Regent Street, Office Commercial (C4) Zone
 - The Taphouse is located on Regent Street and is zoned Office Commercial (C4(6)) with a special exception to permit a food processing plant in the form of a brewery. The Taphouse restaurant had been in operation for years prior to adding the brewery as a permitted use. The C4 zone permits a restaurant, however, in order to operate a brewery within the restaurant the City required the applicant to obtain a special exception, in order to permit a food processing plant in the form of a brewery. The brewery is approximately 116 square metres.
 - The staff report provided several reasons why the Taphouse proposal conformed with the Official Plan, which include:
 - No identified servicing constraints;
 - Adequate on-site parking provided based on the mix of uses;
 - No new access to the Secondary Arterial Road is required;
 - No road improvements are required to accommodate development; and
 - No outdoor storage is required for the proposed use.
 - This report was eventually accepted, and the brewery was established.
- The 2020 Staff Report recommended that the City should implement zoning provisions that encourage the continued coordination between municipal departments, including Building Services, Planning, and Economic Development to ensure that breweries and distilleries are developed safely and within suitable areas in a coordinated fashion.
- The existing Zoning By-Law recognized a brewery as a type of “food processing plant”, or an industrial use; however, it was understood that depending on the scale of operation, not all breweries need to be considered industrial uses, and continuing to define them in this way would be inappropriate. The recommendations were to permit the development of these uses in specific zones (C2, C3, C4, C5, C6 and C7 commercial zones, within the M1-1, M1, M2 and M3 Industrial zones and the ‘Rural (RU)’ Zone. A small-scale brewery would also be permitted as an on farm diversified use within an ‘Agricultural (A)’ zoned property. A cidery or meadery would also be permitted as per the definition of small-scale brewery.)
- The following definitions were recommended to be integrated into the City’s Zoning By-law:

- Small-Scale Brewing Facility*: A building or structure thereof that is used for the self-contained manufacturing, production, storage, packaging, bottling, canning and shipping of no more than 50,000 hectolitres of beer per year authorized by a licence issued by the Alcohol and Gaming Commission of Ontario. Self-contained means that the emission of odour, fumes, noise, cinder, vibrations, heat, glare or electrical interference is not possible. A Small-Scale Brewing Facility may be accompanied by:
 - a) A private hospitality area where products made on the premises are provided to private groups for tasting and consumption;
 - b) An area for the retail sale of products made on the premises for consumption off of the premises;
 - c) An area where beer manufactured on the premises and alcoholic beverages made off of the premises, by or in collaboration with another Brewery, Winery and Distillery are sold to the general public for consumption on the premises;
 - d) Special events and tours; and
 - e) An office to be used for administrative purposes.
- *This new definition includes nano- and micro- breweries.
- These policy changes were adapted by Council in 2020.

Middlesex County Tools & Resources

The County of Middlesex's Department of Economic Development and Tourism commissioned the subject Tourism Investment Tool-Kit to encourage tourism investment in new and enhanced products and experiences, as well as infrastructure. This Resource Guide provides an overview for investors and operators for planning and developing new initiatives in Middlesex County.

Key Contacts within the County of Middlesex

Economic Development and Tourism

Cara A. Finn, BBA, MSM, M.Ad.Ed.
 Director of Economic Development and Tourism
 County of Middlesex
 Email: cfinn@middlesex.ca
 Phone: 519-434-7321 x 2347

Planning and Development

Durk Vanderwerff, MPA, MCIP, RPP
 Director of Planning and Development
 County of Middlesex
 Email: dvanderwerff@middlesex.ca
 Phone: 519-434-7321 x 2262

Tourism Resources and Support

- Invest in Middlesex - Information for establishing or growing a business www.investinmiddlesex.ca
- Visit Middlesex – Information for visitors to the County www.visitmiddlesex.ca
- Work In Middlesex – Information for finding employment, opportunities and supports, as well as employer resources in the County www.workinmiddlesex.ca
- Tourism Industry Association of Ontario (TIAO) <https://www.tiaontario.ca/>
- Tourism Industry Association of Canada (TIAC) <https://tiac-aitc.ca/>
- Ontario Ministry of Tourism, Culture and Games – Tourism Research Statistics <https://www.ontario.ca/page/tourism-research-statistics>

Planning Resources and Support

- Middlesex Planning and Development Department <https://www.middlesex.ca/departments/planning-development>
- Middlesex Planning Resources <https://www.middlesex.ca/departments/planning-and-development/resources>
- Contact Information <https://www.middlesex.ca/departments/planning/contact-us>

General Business and Funding Resources

- Small Business Centre London (Middlesex County) www.sbcentre.ca
- Community Futures Middlesex (CFDC) <https://cfmiddlesex.ca/>

- FedDev Ontario – Tourism Programs <https://feddev-ontario.canada.ca/en/funding-southern-ontario/tourism-growth-program-southern-ontario>
- BDC – Tourism Programs <https://www.bdc.ca/en/industries/tourism>
- Innovation, Science and Economic Development (ISED) – Canada Digital Adoption Program (CDAP): Grow Your Business Online <https://ontariobusinessgrants.com/grants/cdap-grow-your-business-online/>
- Digital Main Street – Digital Transformation Grant <https://digitalmainstreet.ca/digital-transformation-grant-4-0/>
- Black Entrepreneurship Loan Program <https://ised-isde.canada.ca/site/black-entrepreneurship-program/en>

Agricultural Business Resources

- OMAFRA Agricultural Business Management <http://omafra.gov.on.ca/english/busdev/agbusdev.html#information>
- Farm Management Canada <https://fmc-gac.com/>

Hotel Business Resources

- Hotel Association of Canada <http://hotelassociation.ca/>
- CBRE Hotels Canada Industry Outlook 2024 <https://www.cbre.ca/insights/reports/cbre-hotels-canada-industry-2024-outlook>

Labour, Skills, and Workforce Development Resources

- Workforce Planning and Development (Elgin, Middlesex, Oxford) <https://workforcedevelopment.ca/>
- Tourism Skillsnet Ontario <https://tourismskillsnet.ca/regional/london/>
- Ontario Tourism Education Corporation (OTEC) <https://otec.org/>
- Tourism HR Canada <https://tourismhr.ca/>
- Canadian Agricultural Human Resources Council <https://cahrc-ccrha.ca/>

Insurance and Risk

- TIAO Insurance Resources <https://www.tiaontario.ca/cpages/commercial-insurance>

Accessibility Resources

- TIAO Accessible Tourism Resources <https://www.tiaontario.ca/cpages/accessibletourism>
- OBIAA Accessibility Tools and Reports <https://obiaa.com/projects/accessibility/tools-reports-pdfs/>
- WTTC Inclusive & Accessible Travel Guidelines <https://wttc.org/Portals/0/Documents/Reports/2021/Inclusive%20Accessible%20Travel.pdf>
- Access Now: Discover Accessible Places <https://accessnow.com/>

Sustainable Tourism Resources

- Global Sustainable Tourism Council <https://www.gstcouncil.org>
- UNWTO Sustainable Development <https://www.unwto.org/sustainable-development>
- GreenStep <https://greenstep.ca/>

Other Useful Resources

- OntarioCulinary.com <https://ontarioculinary.com/>
- FEAST ON® <https://www.culinarytourismalliance.com/feast-on>
- Culinary Tourism Alliance <https://www.culinarytourismalliance.com/food-tourism-101>
- Destination Ontario <https://destinationontario.com/en-ca>
- Ontario Craft Brewers <https://www.ontariocraftbrewers.com/>
- Restaurants Canada <https://www.restaurantscanada.org/>
- Farm Fresh Ontario <https://farmfreshontario.com/>

Appendix A

Assumptions And Limiting Conditions

1. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the Canadian Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE Limited, through its appraiser and/or advisor (collectively, “CBRE”) has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
2. Unless otherwise expressly noted in the Report, CBRE has assumed that if any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.
3. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner’s representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor’s Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
4. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
5. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
6. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
7. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full,

comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.

8. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
9. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

Appendix B

Glossary of Industry Terms

Supply: Available Room Nights (ARNs)

Available Rooms Nights refers to the total number of rooms at a property multiplied by the total number of nights the property is open during a given operating season. For example, a 25-room property open year-round (365 nights) would have 9,125 Available Room Nights.

Demand: Occupied Room Nights (ORNs)

Occupied Rooms Nights refers to the sum of the number of nights that each available unit was occupied at a given property during one operating season.

Occupancy Rate

Occupied Rooms refer to the total number of rooms occupied by transient, group and contract guests, without consideration to the number of guests in each room. Occupancy Rate is expressed as the percentage of rooms occupied out of the total rooms available at a property. The calculation is:

Occupancy Rate (%) = (Rooms Occupied / Rooms Available) x 100

Average Daily Rate (ADR)

Although room rates may vary seasonally, by market segment, or by room type within a property, most properties calculate an overall average daily rate (ADR). This rate reveals the average rate charged per occupied room and is calculated by dividing total rooms revenue for a period (usually one year), by the number of rooms occupied during that period. The calculation is as follows:

ADR = Total Rooms Revenue / Rooms Occupied

Rooms Revenue per Available Room (RevPAR)

RevPAR measures the rooms revenue yield a property achieves, relative to the rooms available in the property for a period of time (usually one year). The metric is influenced by 2 factors – occupancy and overall average daily rates (ADR). RevPAR can be used to compare rooms revenue results with prior period results or to compare actual to budgeted results. In addition, since the rooms revenue is scaled by the number of rooms at the property, it can be used as one comparison of the rooms revenue yield of a property to its competitors or comparable properties. The calculation is as follows:

RevPAR = Total Rooms Revenue / Rooms Available

Penetration

In assessing the market position, the level of market penetration and the concept of “fair market share” are used. This concept states that a property will attract demand in the same proportion as its share of supply and generate an ADR

equal to that of its competitors. The basic assumption is that all things are equal; however, different properties achieve different levels of market penetration based on various competitive factors including; location, facilities, accessibility, visibility, ambiance, marketing, pricing strategy, management emphasis and product quality. A property attaining a market penetration above 100% is outperforming the market, while a property attaining a market penetration below 100% is under performing the market. The calculation is as follows:

RevPAR Penetration Rate (%) = (Subject Hotel RevPAR / Overall Market RevPAR) x 100

Market Segmentation

Refers to the subdividing of a market into distinct subsets of users that behave in the same way or have similar needs. The hotel market segments most commonly used are Corporate, Meeting/Conference, Leisure, and Government/Other.

Property Types

Full Service Hotel: typically Upscale, Upper Upscale and Luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas.

Limited Service Hotel: Property that offers limited facilities and amenities, typically without a full-service restaurant. These hotels are often in the Economy, Midscale or Upper Midscale class.

Focused Service Hotel: Hybrid property that offers limited facilities and amenities and is more affordable than a full service hotel, typically featuring some food & beverage service.

Resort: Accommodations located in a resort area or where the primary source of business is from leisure destination travel.

Thank you

For more information

REBECCA GODFREY, CMC, MBA
Senior Vice President
CBRE Tourism Consulting
647 943 3743
rebecca.godfrey@cbre.com

CBRE VALUATION & ADVISORY SERVICES