Introduction

The Southern Gulf Islands Tourism partnership formed in 2018/19 and is preparing for the development of the new 5-year Strategic Plan. Looking back over the past 5 years to assess the impact that partnership has had is important. That said, we faced a unique situation with the global pandemic hitting in early 2020 which resulted in travel and other restrictions. As such, travel has been notably impacted therefore meeting the original strategic goals as noted below is not going to be achieved.

The main impact goals we are looking to consider is:

1. Increase revenues overall by increasing overnight stays by 10% by 2024; and,
2. Diversify seasonal travel to increase off-season stays by 25% by 2024.

For the purposes of this impact report, we looked at the results bases on data from:

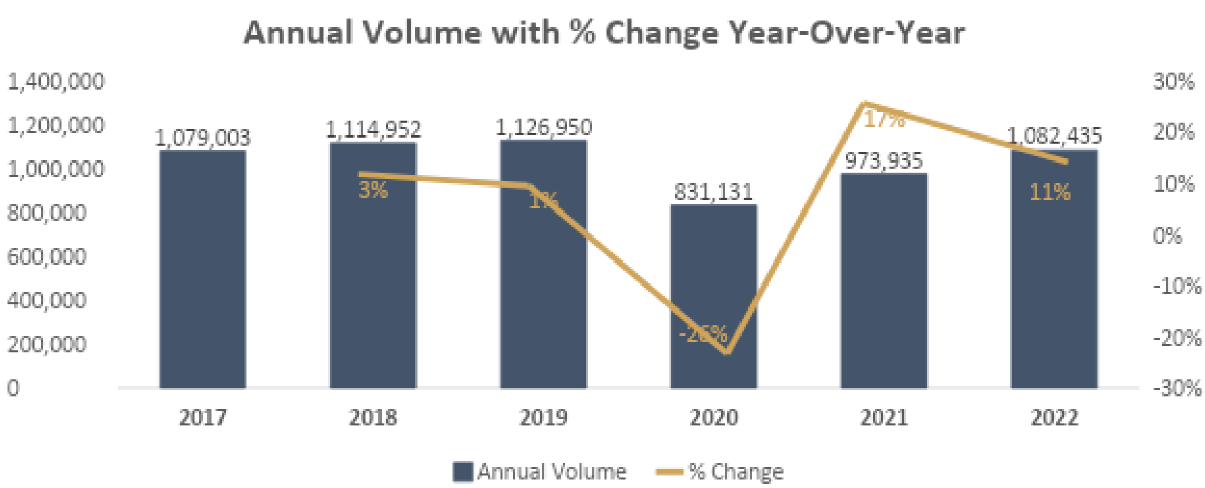
1. BC Ferries Passenger Volume;
2. Air DNA Data;
3. MRDT Data; and,
4. 2019 BC Ferries Passenger Research Report.

Data Highlights

BC Ferries Passenger Volume

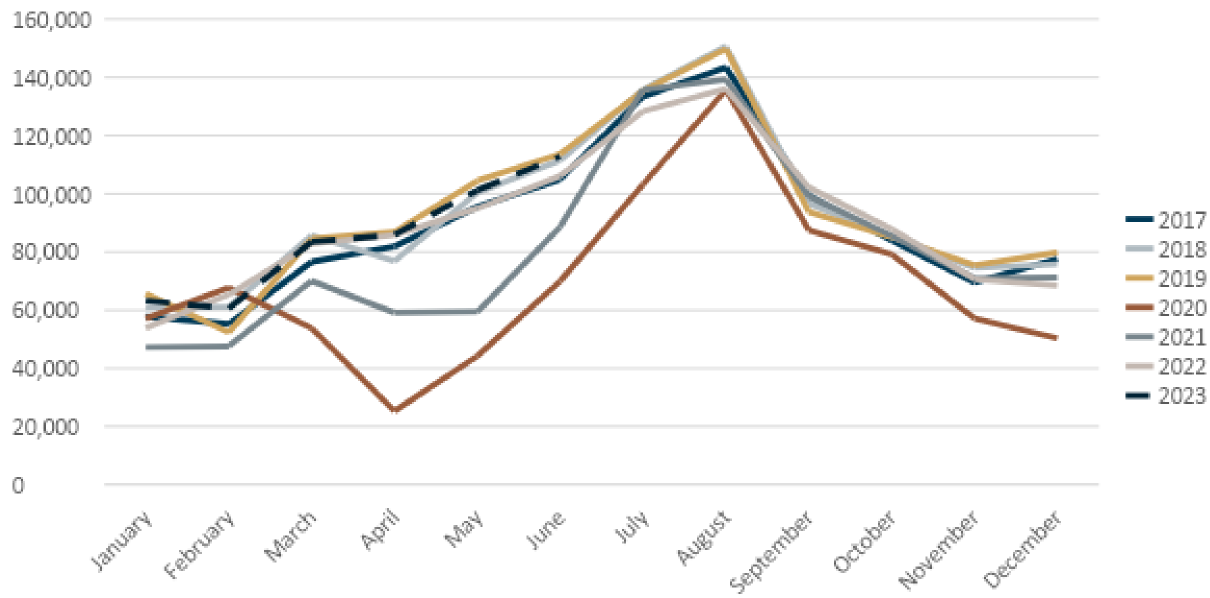
Annual Volume

The first step to assess the BC Ferries data was to collect the data for the departure volume to the Southern Gulf Islands. This included the volume for Swartz Bay Terminal for Route 4 and 5, Crofton Terminal for Route 6, and Tsawwassen Terminal for Route 9. Looking at the data, as shown below, we see that 2019 was a high at 1,126,950 people but 2020 and the pandemic brought a 26% decrease to 831,131. In the two following years, we saw a gradual recovery to 1,082,435 which is approximately the same as 2017 volume.



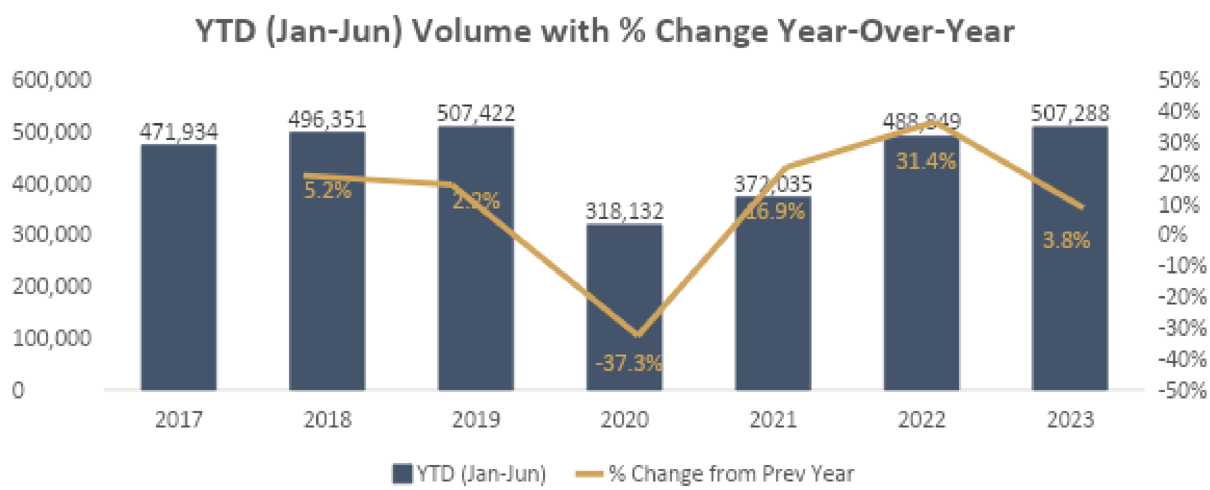
Monthly Volumes

Looking at the monthly data, we see that despite the drop in volume, the pattern of July and August being peak months was consistent. The graph below also shows that 2023 appears to be close to 2019 volumes for the first six months of the year. This indicates that the Southern Gulf Islands is likely fully recovered in terms or BC Ferries volume this year.



January-June Year-to-Date Volume

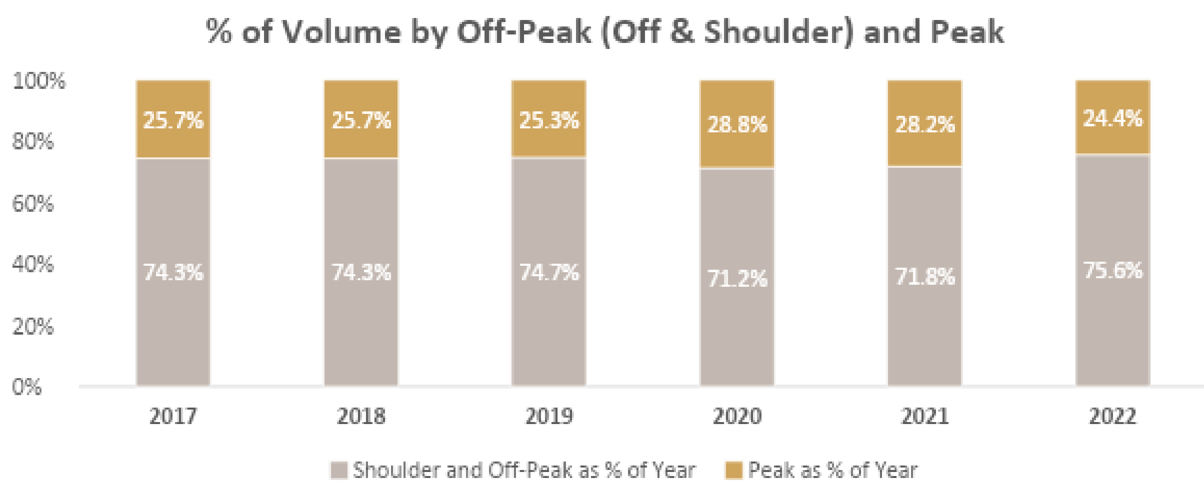
Given that 2023 is not complete and the data from BC Ferries is only available through June 2023, we looked at the to-date (January – June) volume compared to previous years. Below we see that 2023 is shaping up to be consistent with 2019 volume following a three year recovery from the 37.3% drop in the first six months of 2020. In fact, the percentage increase in 2021 was 16.9% followed by a notable 31.4% increase in 2022 and a moderate 3.8% increase in 2023.



Seasonality

One key element for the partnership is to grow visitor volume in off-peak periods that include shoulder months (September, October, May June) and off-season months (November, December, January, February, March, April). The graph below shows that the Shoulder and Off-seasons have returned to their pre-pandemic volumes as of 2022 while peak volumes are lagging in the recovery.

In the graph below, we can see that Shoulder and Off-Peak has grown from 2018 (74.3%) to 75.6% in 2022. Although this is only a 1.3 percentage point increase, it does indicate that there has been a slight shift in volume to non-peak months.



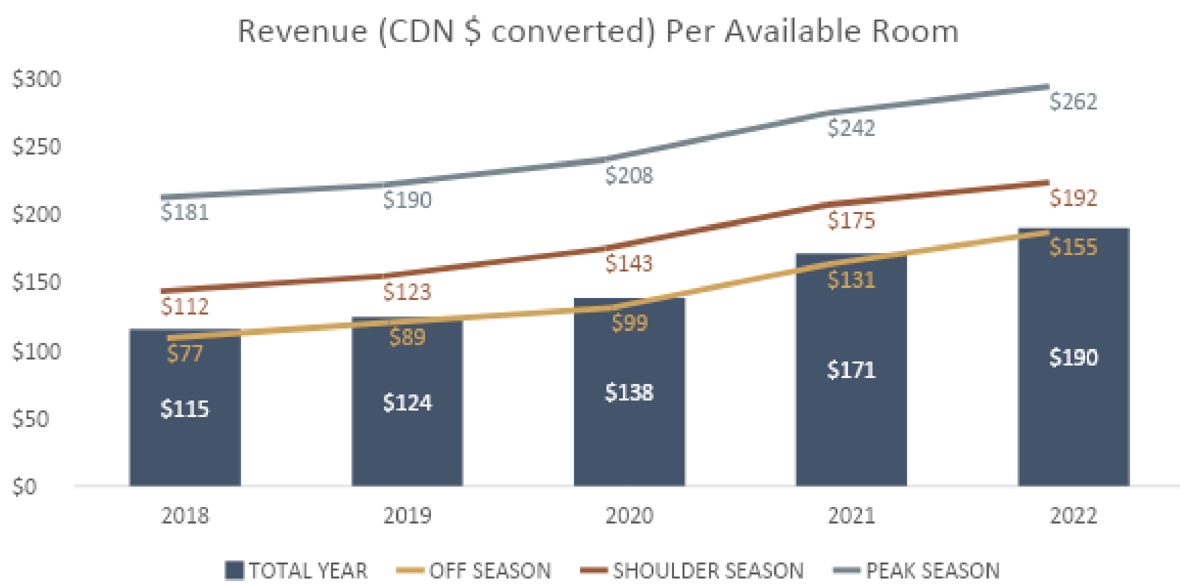
Discussion

The pandemic impacted BC Ferries volumes tremendously; however, it appears that 2023 will represent a full recovery to pre-pandemic volume levels. There has been a slight 1.3 percentage point increase in volume during non-peak months in 2022 compared to 2018 which suggests seasonal diversification has started to manifest. The caveat of the BC Ferries data is we do not know the proportions of residents, day visitors and overnight visitors. We do have this data for 2019 based on peak season research (as described in a subsequent section); however, we know that the breakdown between these groups likely vary by season. In addition, resident travel behaviour may have dramatically changed since the pandemic. Given this, the BC Ferries data should be used as an indicator of visitation rather than a complete representation of visitation.

Air DNA Data

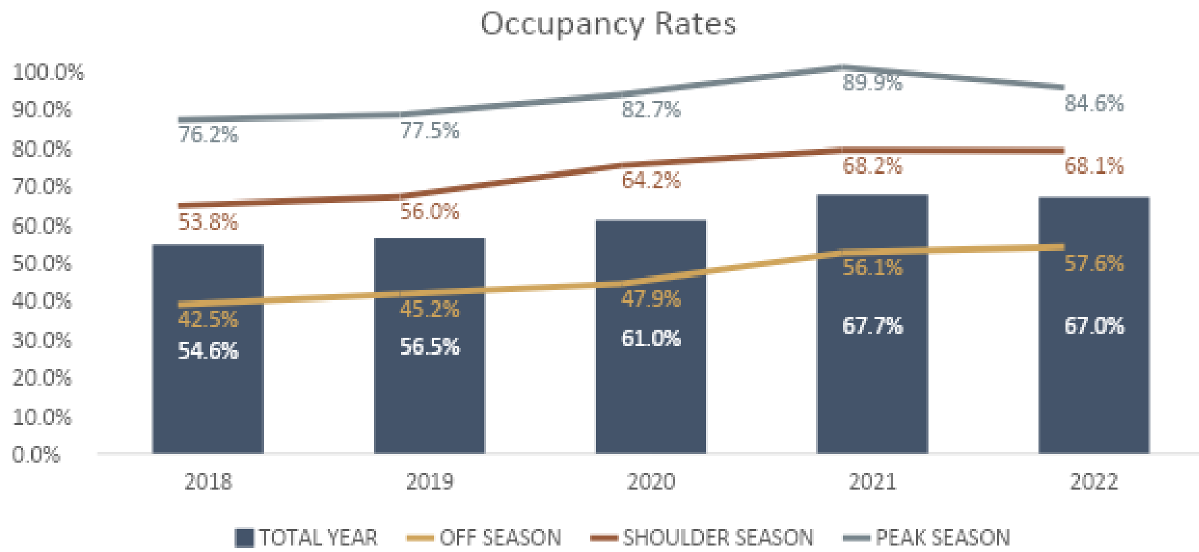
Revenue Per Available Room

The revenue per available room, rather than overall revenue, is the most reliable revenue indicator as it controls for changes in inventory. The graph below shows that the average revenue per available room in 2022 was $190 which is up dramatically from 2018 ($115) and 2019 ($124). Comparing to 2018, this is a 65% increase or a 53% increase over 2019. We can see that the revenue per available room has increased in all seasons, with averages in 2022 being $262 for peak season, $192 for shoulder season months and $155 for off season months. Using 2018 as the base for a five-year comparison, this represents a 44.8% increase in peak season, 71.4% increase in shoulder season and a 101.3% increase in off season. This is a very strong positive indicator for both the revenue growth and seasonal diversification goals.

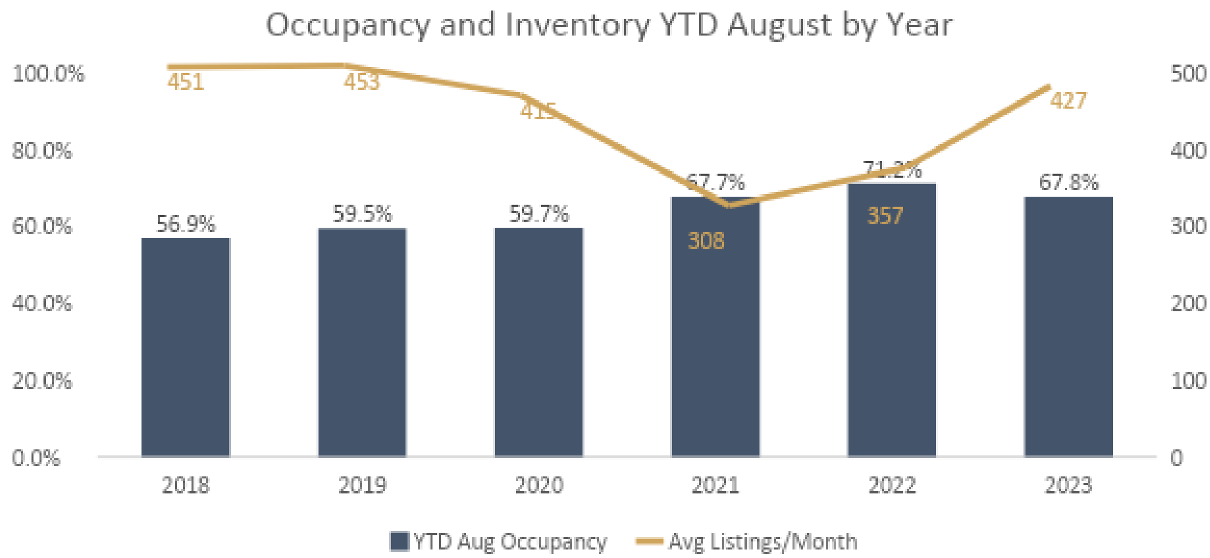


Occupancy Rates

The occupancy rate for 2022 was 67.0% which is up from 54.6% in 2018 (up 12.4 percentage points) and 56.5% in 2019 (up 10.5 percentage points). Assuming the AirDNA data is not just cannibalizing other booking channels, this demonstrates that there are notably more visitors to the Southern Gulf Islands in the past 5 years. Looking at the seasonality, we see that peak season occupancy rates have from 76.2% in 2018 to 84.6% in 2022 – a 7.6 percentage point increase. Shoulder season occupancy has growth dramatically by 14.3 percentage points to 68.1% compared to 2018 (53.8%). In addition, off season occupancy rates increased 15.1 percentage points to 57.6% in 2022 compared to 2018 (42.5%). This indicates that although there is overall growth, there has been substantially more growth in shoulder and off season months than peak months.

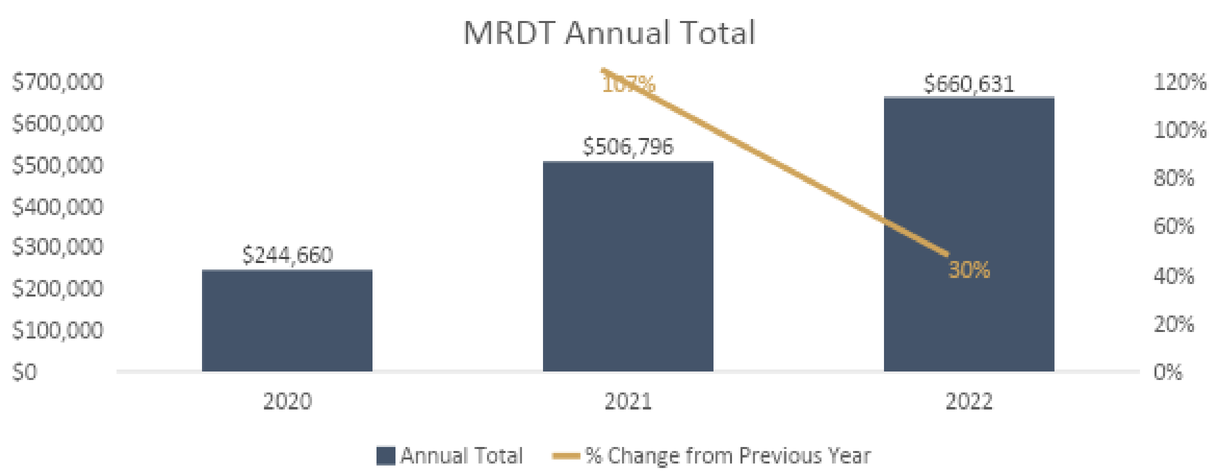


Given we do not have a complete year for 2023, we looked at the occupancy rate for year-to-date to August and compared previous years. In addition, we wanted to look at the supply as we interpret occupancy as it is not as consistent as with traditional accommodation types as individuals may rent their property at varied times and not necessarily consistently. The graph below shows that 2023 appears to be slightly down in terms of occupancy compared to 2022 at 67.8% versus 71.2% in 2022. That said, the monthly average inventory is up 19.6% to 427 listings/month which is nearing pre-pandemic levels of 451 and 453 listings/month seeing in 2018 and 2019, respectively. This further demonstrates that the Southern Gulf Islands have essentially recovered from the pandemic. It is important to note, however, that the occupancy rates pre-pandemic were notably lower. Obviously, inventory impacts occupancy so if we control for inventory, we still see that 2023 averaged 290 booked listings/month YTD compared to 270 booked listings/month YTD in 2019 which is an increase of 7.4%. This a strong indicator for increased overnight stays; which, with the large increases in revenue per available room previously mentioned, suggests that revenue through AirDNA platforms is up a minimum of 7.4% since 2019 but likely up notably higher.

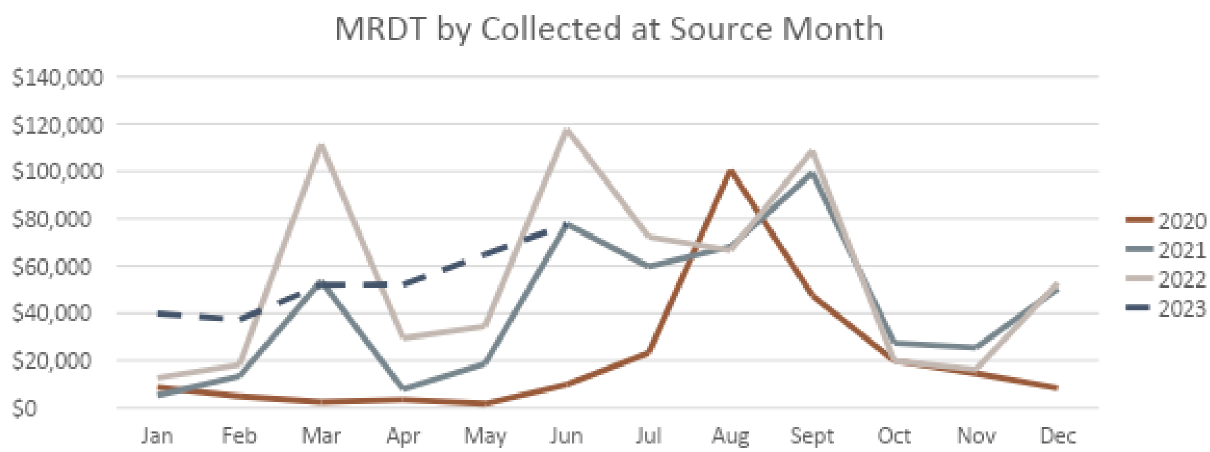


MRDT Data

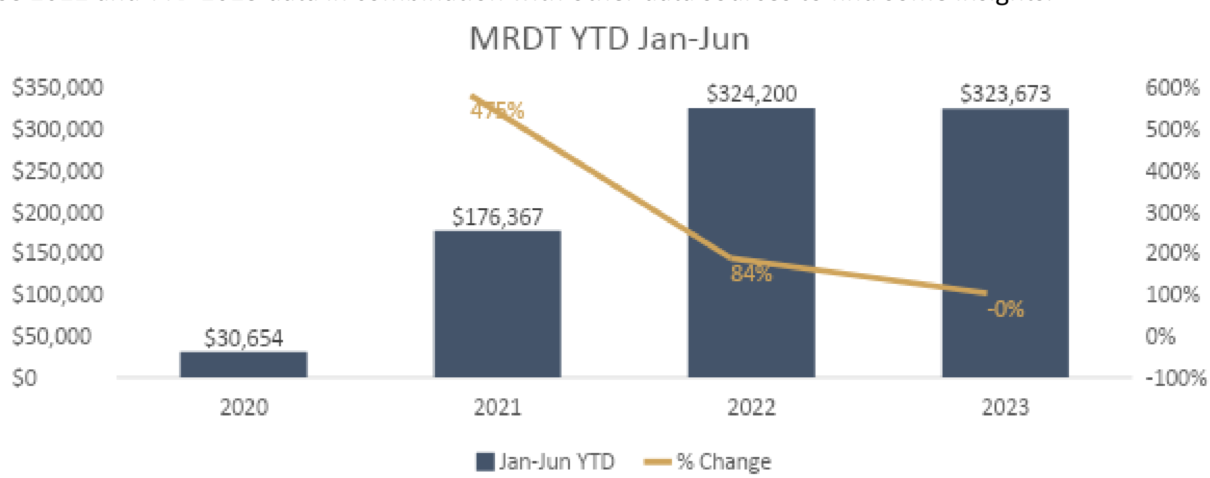
MRDT data is available starting in 2020 which limits any ability to compare to pre-pandemic levels. In addition, the MRDT data is delayed in terms of when it is distributed back to the DMO. Because of this, we used the 'collected at source' month to be able to look at the actual revenue timelines (and therefore the likely visitation). The graph below shows the last three years where there was large increases to a total of $660,631 for the 12 source months of 2022. This is up 30% from 2021 ($506,796). It should be noted that although the Province notes that the program started on September 1, 2019, the revenue appears to only begin mid-year 2020. In addition, we know that rates have increased, therefore some of the revenue increase is directly attributable to the average daily room rates.



Looking at the month of collection by year we see a large variability. It seems that there may be a quarterly remittance which creates peaks and valleys. This may have been part of the initial development of the program as the 2023 data, to-date, appears to be more consistent and in-line with what we would expect based on assumed visitation patterns.



Looking at the data during the same time period (Jan-June) year-over-year, we see that 2023 is basically the same as 2022. It appears that MRDT has started to assume a pattern. Given the short collection phase (past three years) and the volatility of the data by collection month, there is little insight we can draw from this data historically; however, this will be crucial going forward. In addition, we can definitely use 2022 and YTD 2023 data in combination with other data sources to find some insights.

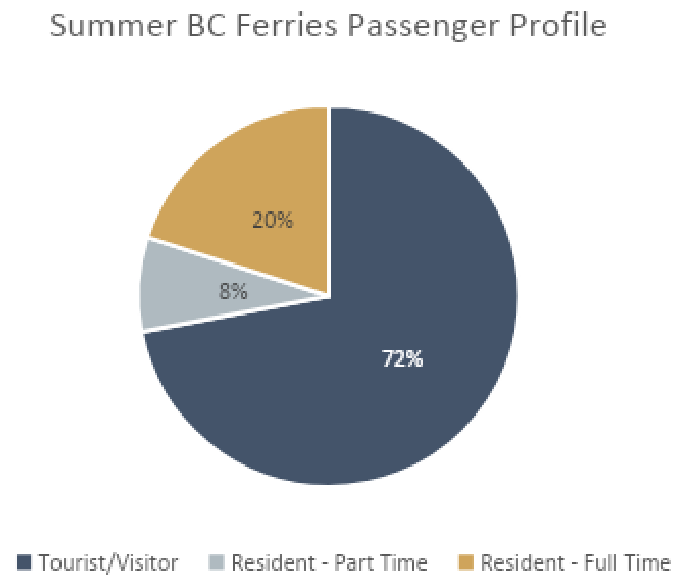


Another caveat for MRDT is that it doesn't cover all accommodation providers including those that rent for over 27 nights, those that don't earn more than $2500/year and Campgrounds.

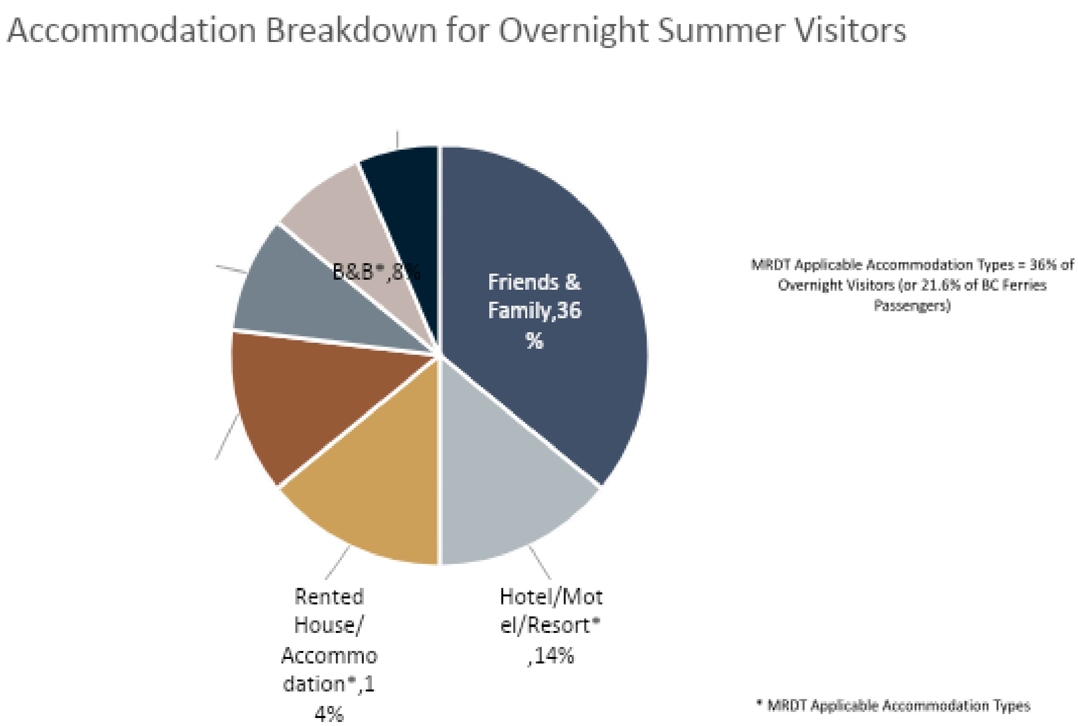
2019 BC Ferries Passenger Research

There was a research project conducted in the summer of 2019 among BC Ferries passengers in the Southern Gulf Islands. The objective of looking at the 2019 BC Ferries Passenger Research report is to make links between Visitor Volume and BC Ferries data as well as MRDT revenue. Given the research is one point in time, it does not provide any indications for increased revenue or seasonal dispersion.

Based on this report, just shy of three-quarters (72%) of passengers during peak months are visitors/tourists. One-in-five (20%) are full-time residents while 8% were part-time residents.



Based on other questions noted in the report, it appears that 12% of passengers are Day Visitors and the other 60% are overnight visitors. The graph below shows that 14% of overnight visitors to the Southern Gulf Islands (during peak months) stayed in a 'Hotel/Motel/Resort' and another 14% rented a house/other accommodation while 8% stayed in a B&B. These three accommodation types are MRDT applicable, therefore we know that 36% of Overnight Visitors during the summer of 2019, or 21.6% of BC Ferries passengers, stayed in MRDT applicable accommodations. This is important to gauge for using MRDT data for visitor volume imputations going forward.

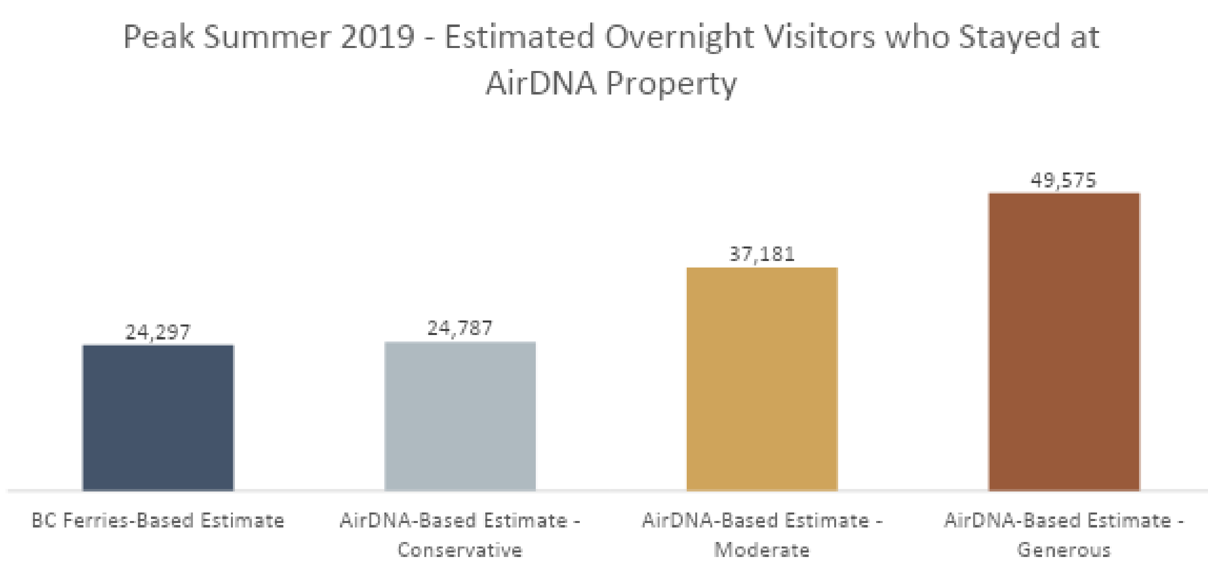


Overnight Visitor Volume Imputation

BC Ferries data, although reliable in terms of consistent report and methodology, leave a tremendous amount of assumptions. For example, we do not know if resident travel patterns change; what proportion visitors make up of shoulder and off season; and, how that may change in different years. That said, we do have pretty reliable information for the summer of 2019 to use BC Ferries data for a peak season visitor estimate. Therefore, we have used the BC Ferries data in the summer of 2019 with the insights of the research conducted that summer to develop an estimate of the Visitor Volume for that summer. The primary purpose of doing this is to compare it to the AirDNA estimates for the same period to determine which level of estimate (conservative, moderate or generous) we should use going forward with the Air DNA data.

BC Ferries notes they had 285,309 passengers in the summer of 2019. Extrapolating this out, we estimate that there were 205,422 Visitors (72% based on the research report). This represents 34,238 day visitors (12%) and 171,185 were overnight visitors (60%). Using the 14% of overnight visitors staying in an AirBnB/HomeAway accommodation we would estimate that approximately 24,297 visitors stayed at AirDNA applicable accommodations.

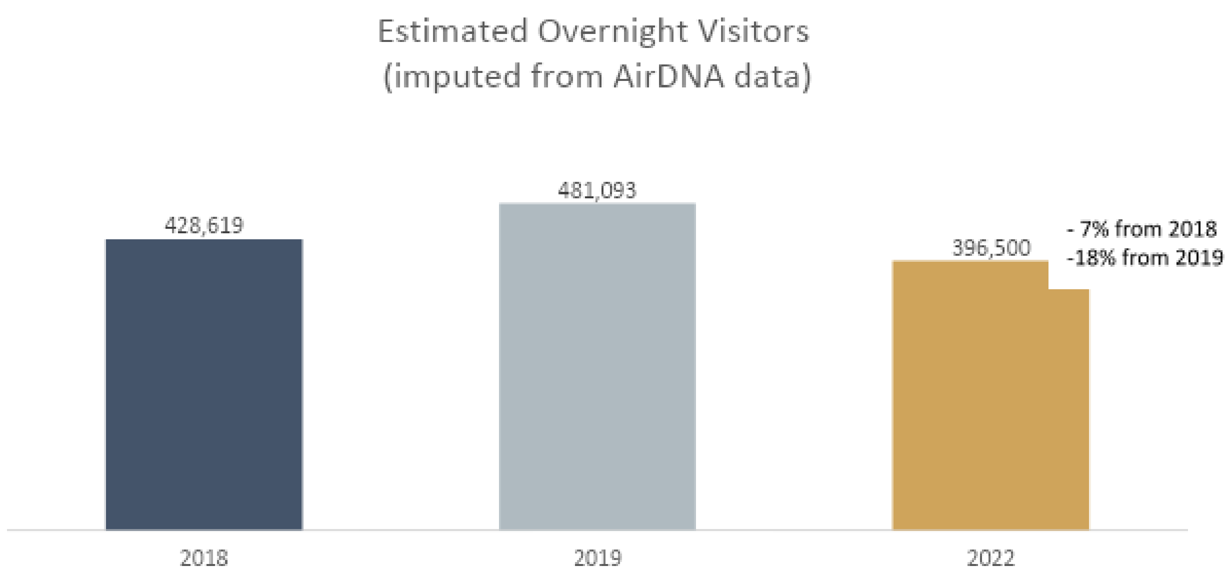
The visitor volume estimates based on the AirDNA data for the same time period (peak summer 2019) were done by using the number rooms (Room Nights Booked/Listing Nights Booked) multiplied by the number of travel parties (Room nights booked (Occupancy * Total Available Room Nights) divided by average days stay). This is the conservative estimate that assumes 1 person per room. The moderate estimate assumes 1.5 people per room and the generous estimate assumes 2 people per room. The graph below shows the AirDNA sourced estimates as well as the BC Ferries based estimate. We can see that the Conservative estimate level based on the AirDNA data is very similar to the BC Ferries estimate. Therefore, we should use the Conservative estimate going forward.



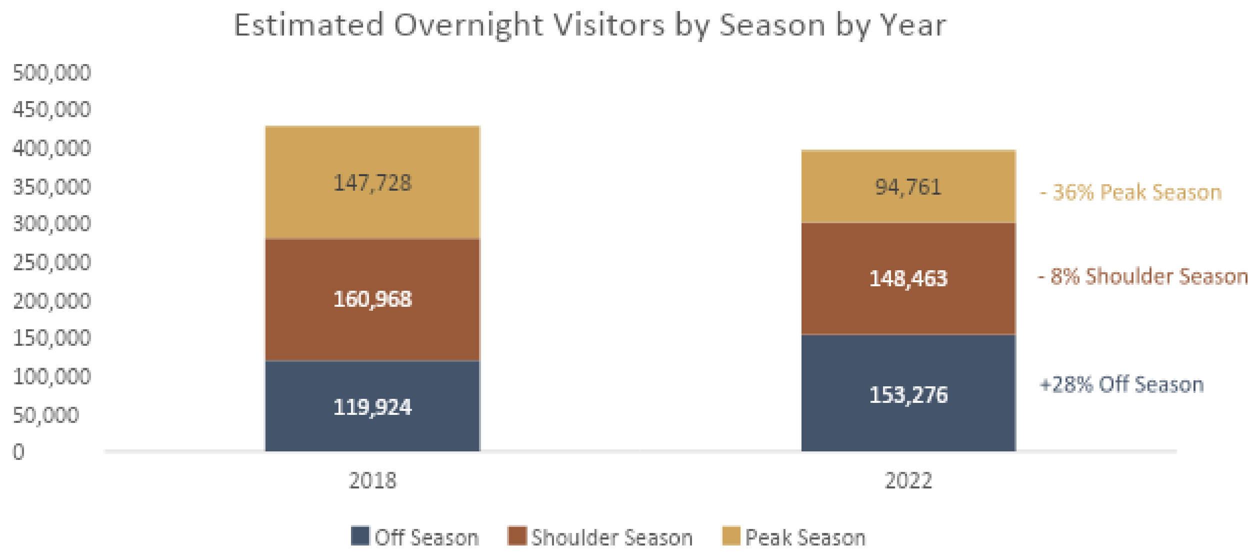
In addition, we know that in 2019 during peak summer months, 60% of BC Ferries passengers were overnight visitors/travellers. We also know that approximately 14.1% of these travellers stayed in a vacation rental. Using this, we would estimate that the summer saw approximately 150,977 overnight visitors in 2019. Extrapolating this out using the AirDNA data for 2019, we estimate the overnight visitors to be 481,093. Looking back, we estimate that 2018 was relatively consistent with 2019 at 14.1%. based on this, we have estimated overnight visitors to the Southern Gulf Islands in 2018 to be 428,619.

Based on research for other jurisdictions, we estimate that between 2019 and 2022 the proportion of visitors who stay at an AirDNA type property increased 5% from 14.1% to 14.8% of overnight visitors. Using this, we estimate the overnight visitors in 2022 to be 396,500. The graph below shows the estimates.

We see that 2022 saw a 7% decline in overnight visitors from 2018 and a18% decline since 2019. Given the pandemic, these results are actually promising, in particular when we look at the seasonality breakdown.



The graph below shows that the largest declines since 2018 has been during the peak season with a 36% decline from 147,728 overnight visitors to 94,761. On the positive side, we see that off-season overnight visitors are estimated to have increased 28% to 153,276 while shoulder season saw a decline of 8% in overnight visitors. Combining shoulder and off seasons, we see a 7% increase in 2022 compared to 2018.



Conclusions

Based on the indicators available, the original goals of growing overnight visitation by 10% and off-peak stays by 25% will not be met. That said, the Southern Gulf Islands, along with the world, experienced the impacts of the pandemic during the last three years. Given the circumstances, the destination has fared well and appears to be well into, if not completely recovered.

There are strong indications that there has been a shift in visitors to off-peak months. In addition, with rebounding visitor data combined with increases in rates, the overnight revenue growth is likely. This is reinforced by the MRDT data growth. Although not to the levels identified in the original strategic plan, Southern Gulf Islands Tourism Partnership appears to have made a positive impact.

Looking forward, data suggests that 2023 will meet or exceed 2022 levels for most indicators. This is encouraging and demonstrates that the destination is in a positive position for growth going forward.