

XXX RESONANCE

TOURISM VANCOUVER 2030 DRAFT SCENARIO REPORT

JUNE 5, 2018





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INTRODUCTION



INTRODUCTION

It's said that the best way to anticipate the future is to invent it, and Tourism Vancouver set about in 2017 to create hypotheses of the future of tourism in 2030—a future just close enough that we can almost see it, and just far enough away to invite imagination as well as extrapolation of the data.

Typical planning for the future is most often based on a simple extrapolation of the current state and / or an agreed upon single vision of the future based on current emerging trends. In late 2017, Tourism Vancouver engaged Resonance Consultancy and Tourism Economics, two leading global tourism consulting firms, to analyze and articulate a variety of potential alternative scenarios for Vancouver's tourism industry in the year 2030. The goal is to help Tourism Vancouver and its stakeholders identify the most desirable scenario and associated opportunities that we can work towards, while identifying potential risks that can be mitigated in long-term strategies.

The purpose of forecasting using scenarios is to understand the dynamics of how the future will emerge, not to predict exactly which future will occur. The outcome of this process is a set of plausible potential futures that maps a range of alternatives, identifies potential risks and opportunities, and suggests a series of strategies and Action Items that can serve as input into Tourism Vancouver's upcoming Strategic Planning Process.

The future scenarios contained in this document are the result of tourism stakeholder interviews to identify key demand and supply factors; statistical analyses of tourism's economic results; future forecasting of several of those factors; and scenario planning workshops with stakeholders that were designed to answer this question: What will tourism be like in Vancouver in 2030? Who are our visitors 12 years from now; what kind of a destination will they encounter; and what is the nature of the experiences they will have?

TOURISM 2030 PROJECT



TOURISM 2030 PROJECT

Resonance Consultancy was engaged by Tourism Vancouver in late 2017 to produce a series of scenarios for tourism development in Vancouver for the year 2030.

To begin this process, key industry stakeholders were interviewed by Resonance consultants to identify key supply and demand-side factors that could impact the future of Vancouver's tourism industry, which served as the basis for a Stakeholder Survey that was used to rank the potential impact of each factor and level of agreement among stakeholders.

Next, Tourism Economics, a subsidiary of Oxford Economics, conducted a "Destination Assessment and Forecasting" exercise to analyze how the key factors identified by stakeholders could affect future Vancouver tourism demand.

Based on the Stakeholder Survey and Tourism Economic forecasts, stakeholders were engaged in a Workshop exercise by Resonance to discuss potential implications and how they might influence the future of tourism in Vancouver. As a result of these exercises, Resonance then drafted four future scenarios for Vancouver tourism.

These draft scenarios—and they are just that, imagined scenarios based on the information Resonance gleaned from the workshops and from the research—paint four alternative pictures of our destination informed by scenario planning archetypes.

Continuation, which describes the destination's situation if the forces currently at play continue until 2030 at much the same pace and with the same intensity as they have in recent years;

New Equilibrium, which considers the effect of new inbound business travel growth precipitated by a high-tech rush for new downtown office space;

Transformation, which contemplates the causes and effects of the growth of YVR and tourism's regionalization from 'downtown' Vancouver to destinations outside the downtown core; and

Composite, which describes what the future might look like if each of the key forces described in the aforementioned scenarios were to develop with moderate intensity and interact with each other.

The results of these scenarios were then used to identify a number of risks, opportunities and Action Items that Tourism Vancouver could use to develop the next Strategic Plan for the organization.

DEMAND- + SUPPLY-SIDE FACTORS



DEMAND- AND SUPPLY-SIDE FACTORS

The starting point for this project was a series of interviews with key industry stakeholders to identify key supply and demand-side factors that could impact the future of Vancouver's tourism industry, and serve as the basis for a Stakeholder Survey to rank the potential impact of each factor and level of agreement among stakeholders. These factors included:

DEMAND-SIDE FACTORS

This first group of factors identified what variables might drive future visitor traffic to the City.

Affluent Destination – The limited supply of hotel rooms in Vancouver is leading to higher occupancies and higher ADRs, which is making Vancouver more expensive to visit and limiting the market to relatively more affluent visitors.

Asian Visitors – Asian visitors, especially the Chinese, are becoming a larger and more important part of Vancouver visitor demand.

Corporate Offices - Vancouver does not have a large base of corporate offices necessary to generate a sizeable and consistent transient business travel business.

Cruise Passenger Growth – Vancouver's cruise business has consistently increased, and is beginning to accelerate, creating new tourism opportunities for Vancouver.

Currency Exchange - The strength of the US dollar is not driving Americans to Vancouver, but may be increasing spend while they are in the city, once they realize how much further the US dollar can go.

High-end FIT and Corporate Group Destination - Vancouver is becoming a corporate and high-end group destination, and is no longer attractive as a mass group tour destination. The FIT business will continue to expand and larger tour operators will be pushed out.

Legalized Marijuana - Legalized recreational marijuana could have a positive demand side impact on Vancouver tourism in the near future.

Neighbouring Community Tourism Business - Metro Vancouver communities like Richmond, Burnaby, Surrey and New Westminster will see continued growth in meetings, events and sports tourism due to a lack of hotel and venue space availability and higher costs within the City of Vancouver.

Outdoor Recreation / Urban Experience – Vancouver has unique accessibility to outdoor recreation and at the same time provides a true urban experience, which will be valued by a growing number of travellers in the future.

Reduced Group Business Lead Time - Group business lead-time, especially for corporate groups, has decreased, making it difficult for operators, hotels and destination management organizations to respond and deliver the business.

Unexpected Shocks - With tourism demand strong and likely to continue, the largest demand side risk

appears to be an unexpected economic / financial crisis, pandemic, geopolitical crisis, terrorism or natural event (storm, earthquake, wildfire, etc.).

Visit Duration - Visitors to Vancouver usually stay 3-4 days, but tourism businesses should work to increase their length of stay with additional products and experiences.

Visitor Markets

- | | | |
|-------------|-------------|---------------|
| • Australia | • Germany | • New Zealand |
| • Brazil | • Hong Kong | • South Korea |
| • Canada | • India | • Taiwan |
| • China | • Japan | • UK |
| • France | • Mexico | • USA |

Visitor Demographics / Psychographics

- | | | |
|----------------|------------|-----------|
| • Baby Boomers | • Cruisers | • LGBTQ2+ |
| • Millennials | • Families | |

SUPPLY SIDE FACTORS

This second group of factors identified what destination specific variables might influence the future visitor experience in Vancouver.

Affluent Destination – As Vancouver becomes a more expensive destination, the quality of the product and customer service it delivers must follow. This includes, but is not limited to, safety, cleanliness, entertaining, authentic and engaging experiences.

City Services – Tourism is increasing demands on city services such as security, traffic, sanitation, events, etc., but does not generate an offsetting funding source for the City to pay for these services.

Contingency / Crisis Planning – Vancouver may not have sufficient crisis, risk management or contingency strategies/plans in place for the tourism industry to weather a major economic shock, natural disaster or terrorism event.

Climate Change A – A warming climate and rising sea levels could have a negative effect on the desirability of Vancouver as a destination.

Climate Change B – A warming climate could have a positive effect on the desirability of Vancouver as a destination and extend the traditional length of the peak summer season.

Climate Change C – A warming climate could have financial implications on Vancouver tourism businesses making it more expensive to visit.

Convention Centre Space – There is a compelling case for expanding the Canada Place Convention Center, so Vancouver does not lose out on group business due to lack of available meeting space.

Cost of Housing – There is a shortage of affordable housing in Vancouver, creating hardship and challenges for many residents including travel & tourism employees, and a point of contention between some residents and home sharing services like Airbnb.

Cruise Ship Facilities A – The 4,000-5,000 passenger cruise ships cannot fit under the Lions Gate Bridge, making it difficult for Vancouver to host this growing segment of the cruise business. The Tsawwassen Ferry Terminal may be the only viable option to host these larger ships.

Cruise Ship Facilities B – For the cruise ships currently using Canada Place to embark Alaskan cruises, berthing and terminal facilities have reached capacity.

Cultural Products and the Arts – Vancouver’s cultural and the arts product offerings (visual, literary and performing) need to keep pace with the high-end luxury, more sophisticated visitor.

Destination Development – Tourism Vancouver now has the financial resources to deliver destination management programs and activities, understand and manage the effects of over tourism, and invest in product development and resident quality-of-life initiatives, which could lead to a larger and improved visitor experience in Vancouver.

Downtown Hotel Supply – The hotel room supply in the downtown core has reached an economic ceiling, which will create compression, raising downtown hotel rates and occupancy, and leading to better hotel business opportunities (occupancy, ADR and development) outside the downtown core (especially 2-3 star properties).

Events and Festivals – Tourism Vancouver needs to actively explore more events spread throughout the year in order to balance and extend the visitor traffic between peak summer season and shoulder season.

Ground Transportation – Vancouver’s transportation infrastructure is reaching capacity, especially the roadways during peak season (summer). Traffic congestion and gridlock are a threat to Vancouver tourism.

Hotel Room Blocks – Vancouver’s current hotel business is strong and expected to continue, so it is sometimes counter-productive for hoteliers to set aside and lock in future room blocks for groups and conventions.

Industry Recognition – Tourism does not receive the industry recognition from the Province and City that it deserves, leaving important destination development and industry policy / operations to chance.

Labour Market – Vancouver’s labour market is extremely tight with low unemployment and a severe shortage of workers in the tourism sector.

Large Event Logistics – Major events are becoming harder to create and deliver with limited public spaces to lease and use. Site and visitor safety are becoming more important, difficult and expensive.

Public Transportation for Visitors – Visitor public transportation usage and needs have not been taken into consideration and built into Vancouver’s Transportation Master Plan.

Retail Sector – Vancouver retail appears to be suffering from several economic factors including: the trend toward online shopping; changes in resident and visitor retail demand; and landlords seeking higher property rents in a strong economy. The result is a high number of vacant retail properties.

Ride Sharing – Ride sharing services, like Uber or Lyft, which are important and growing services for visitors in destinations around the world, have not yet been approved in BC, creating a competitive disadvantage for Vancouver as a destination.

Seasonality – Summer visitation and hotel occupancy have peaked. Marketing and sales, especially for the corporate group market, should be targeted to the shoulder and off peak seasons.

Signature Event – Vancouver, as a destination, should develop a signature event that helps to enforce and communicate the destination brand.

Sport Hosting – Tourism Vancouver and partners should grow the Sport Hosting initiative, in order to drive new sports tourism events to Vancouver and the neighbouring communities.

Subvention – Tourism Vancouver should increase its use of financial resources to “invest” in or subsidize MICE events and help shape the seasonality, make up and economic impact of these events.

Technology – New technology and related applications, including but not limited to, driverless vehicles, machine learning and artificial intelligence will provide an opportunity to enhance the visitor experience.

Tourism Marketing – Tourism Vancouver now has the financial resources to deliver required, supplemental and experimental destination marketing. Tourism Vancouver is now in a position to take risks.

Vancouver Vibe – Vancouver is not seen as a cool or trendy destination for younger visitors such as Millennials or Gen-X'ers. Instead, it is seen as a safe, clean and accessible destination, which is normally associated with families and older visitors.

Visitor Activities Investment – There is very little new investment flowing into Vancouver tourism activities and attractions.

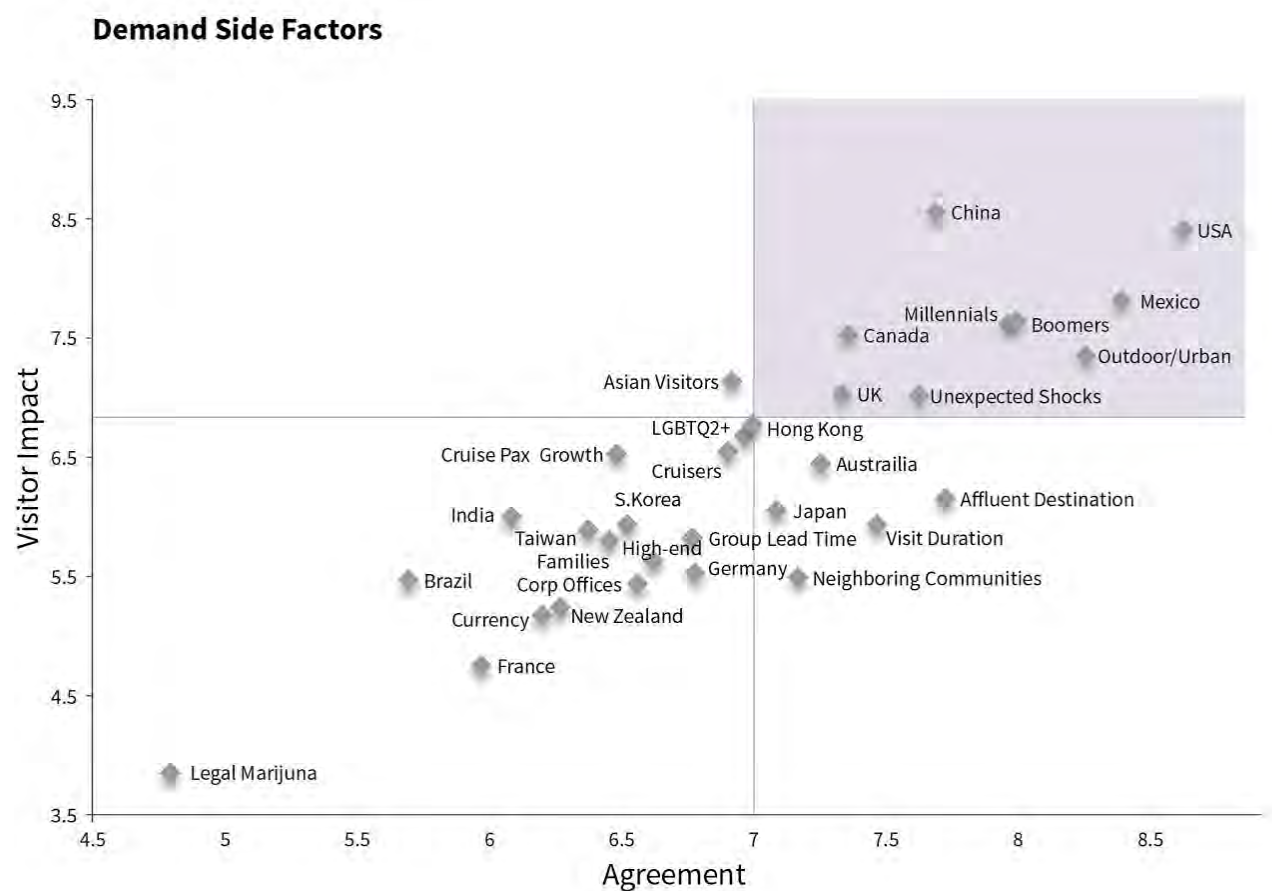
YVR Airport Expansion – YVR needs to invest in expanded terminals, new taxiways, a geothermal system and upgraded roads and bridges to Sea Island, which will help YVR support the estimated 35 million passengers expected to travel through YVR annually by 2037.

STAKEHOLDER SURVEY RESULTS

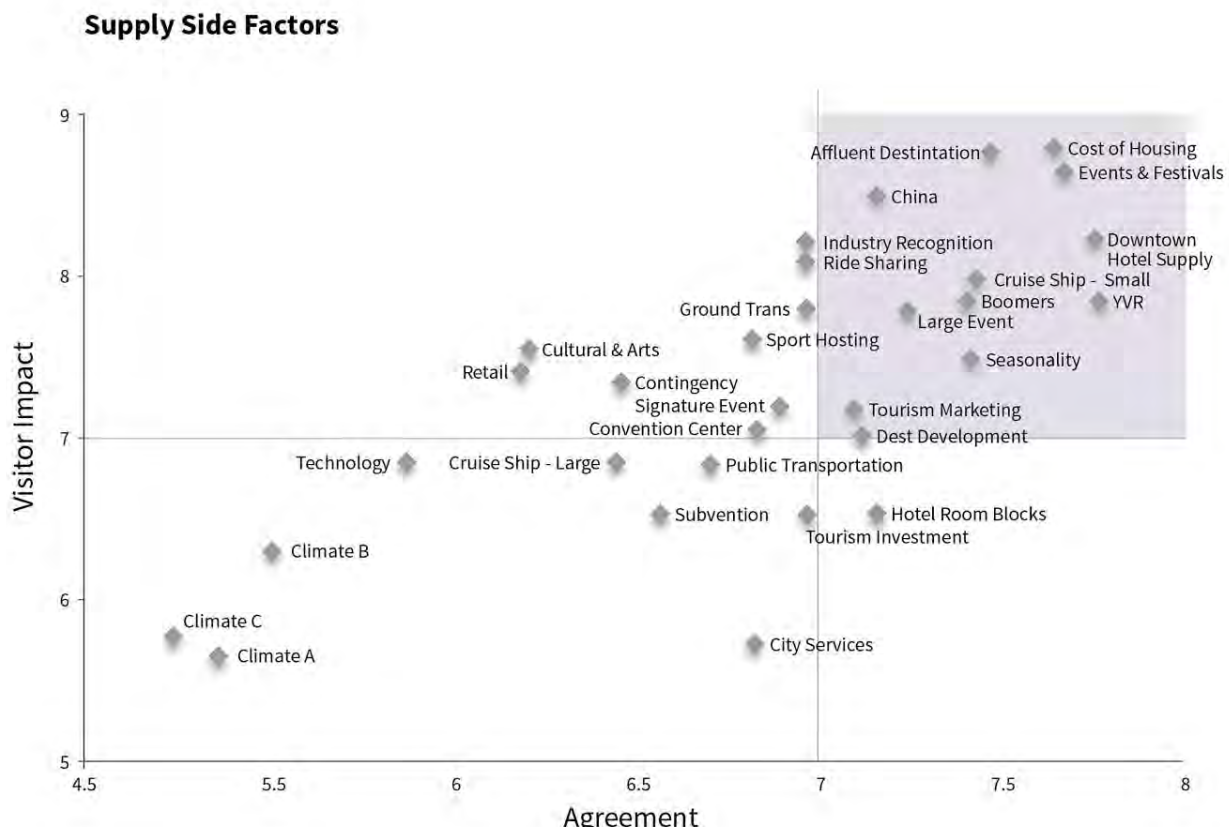
Following the interviews and compilation of Demand- and Supply-Side Factors, Resonance surveyed the collective Stakeholder group to test and prioritize the list of factors. The following charts illustrate the results of this survey, highlighting (purple, upper right quadrants) the group of factors that have been scored as both high agreement as a key factor for future tourism in Vancouver as well as high impact on visitor numbers.

These high priority factors were used in the first Visioning Workshop to create a series of future scenario vignettes.

The results of the stakeholder survey for Demand Side Factors is illustrated below.



The results of the stakeholder survey for Supply Side Factors is illustrated below.



ECONOMIC ANALYSIS



ECONOMIC ANALYSIS

The second major project activity of the Tourism 2030 project was an economic analysis by Tourism Economics to assess how macroeconomic drivers and key demand- and supply-side factors identified by stakeholders in the previous activity could affect future Vancouver tourism traffic. The economic analysis was based on 20+ years of historical data and forecasts from the Oxford Economics global macroeconomic model, and informed by their proprietary datasets, Tourism Decision Metrics and Global City Travel.

THREE MACROECONOMIC DRIVERS

Tourism Economics started the economic analysis for Vancouver by identifying and articulating three key drivers that are expected to shape the demand for travel over the next decade:

- **The Traveling Class:** The base number of potential international travelers with sufficient income to travel is expanding rapidly. Growth of the traveling class is set to continue, especially in emerging markets.
- **Demographics:** Increases in senior population and senior travel rates are having a compounding effect on the importance of this generation to international travel.
- **Connectivity:** Increased demand for travel is driving major new airport construction and more point-to-point routes. This is making travel more accessible and more affordable.

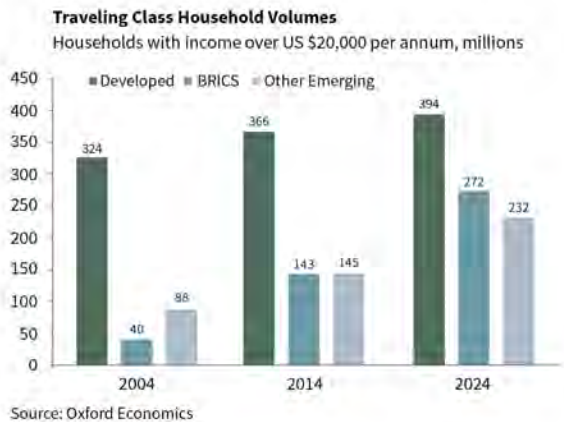
The Traveling Class

From 2004 to 2014, the number of global households with annual income greater than \$20,000 in constant 2012 US dollar terms increased 45% - compared with 18% total household growth. Household formation within this travel-enabled class will continue to surge, growing 37% from 2014 to 2024. In comparison, total households will rise by 16% in the next ten years.

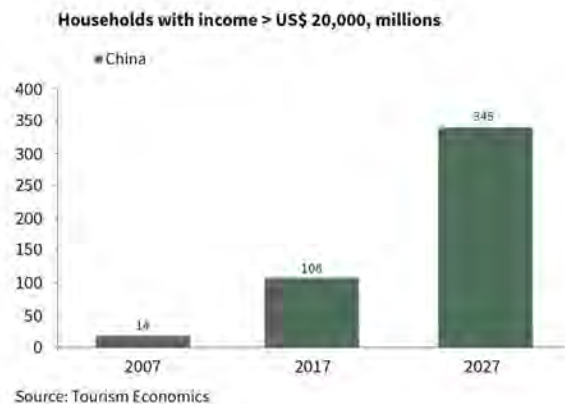
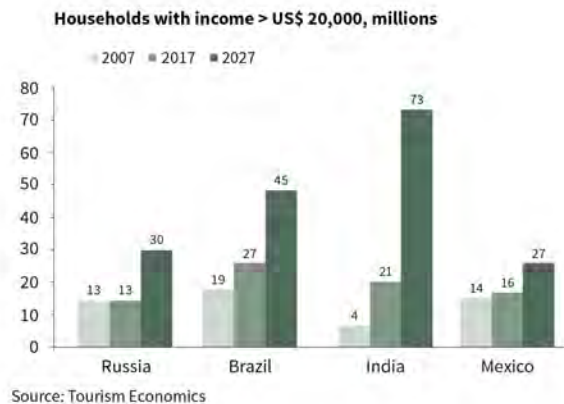
With this rapid growth of the number of households earning more than \$20,000 over the next ten years, long-haul travel will become affordable for over 244 million additional households by 2024.

These new customers will drive incremental travel above economic growth trends.

The number of households earning more than \$20,000 over the next ten years will most rapidly grow in India, at an annual rate of 8.2%, followed by Russia (6.5%), China (6.0%), Brazil (3.8%) and Mexico (2.6%).



As a result, we will see almost a fivefold increase in the number of households earning more than \$20,000 over the next ten years in India, and a threefold increase in Russia and China. In Brazil, this number will more than double over the next ten years.

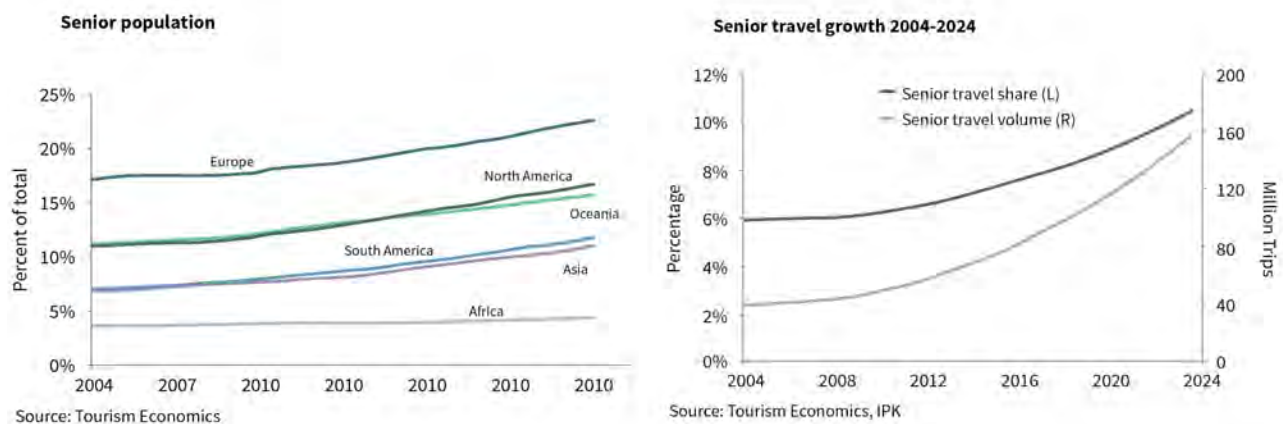




Demographics

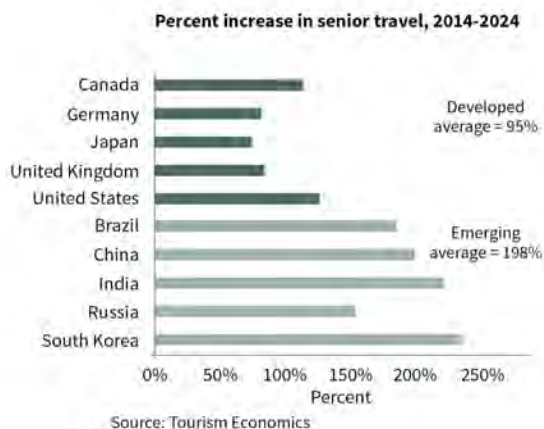
Over 20% of Europe's population will be 65 or older in 2024, up from 17% today. The rate of aging is also strong in Asia and South America, where the proportion of seniors will rise from 6% in 2004 to more than 10% in 2024.

By 2024, seniors will represent more than 10% of all international travel. This is up from 7% in 2014 and 6% in 2004. Senior travel volume and senior share of total travel are both accelerating and will grow faster in the next decade than the previous decade.



Senior travel growth will outpace overall international travel growth over the coming decade, with emerging markets leading in growth terms and developed markets leading in absolute volumes.

South Korea will experience the fastest growth in senior travel, at 235% over the next 10 years, followed by India at 220% cumulative growth. Senior travel in the emerging countries will grow at a faster pace (198%) than the developed countries (95%).



Connectivity

Air travel demand is spawning direct routes that are making travel more accessible and more affordable. Planned airport infrastructure investment will support continued improvements in air access.

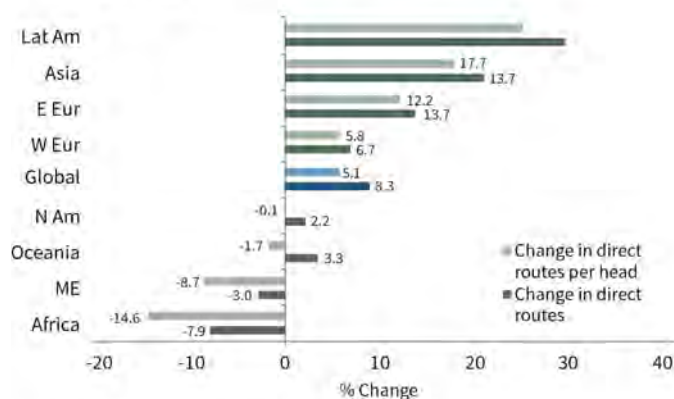
Globally, the number of direct international routes rose 8.8% between 2011 and 2015. On a per capita basis direct routes rose 5%. The highest rates of connectivity increases were in Latin America and Asia.

This is producing efficiencies in terms of both time and cost of travel. Open skies and liberalized visa policies are further improving traveler access to global destinations.

Massive airport development projects are underway or planned around the world. This includes more than 2,500 separate airport construction projects including 340 entirely new airports.

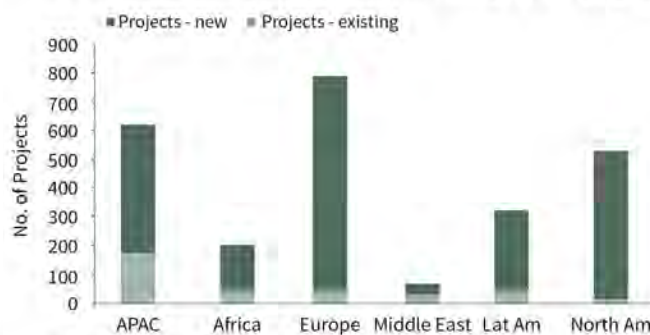
These investments will facilitate continued improvements in transport accessibility and drive further growth in travel.

Changes in direct routes and connectivity per hand, 2011-2015



Source: Tourism Economics, OAG

Planned new and existing airport improvement projects by region



Source: Oxford Economics analysis of CAPA data. Base = 2,520 (340 + 2,180)

DEMAND-SIDE FACTORS

Based on the three macroeconomic drivers and other variables, Tourism Economics estimated that Vancouver would host close to 10.5 million overnight visitors by the end of 2017, with overnight visitor growth averaging 1.8% over the last decade, led by extraordinary growth from China, Brazil, and India. However, the average annual growth over the last three decades was stronger at 2.5%.

Assuming that future growth is the same as the last ten years (2007 to 2017), Tourism Economics projected that Vancouver would see about 14.0 million overnight visitors (straight line projection) by the end of 2030.

However, the current economic climate presents downside risks, where total world visits is only forecast to grow to 13.4 million visitors to Vancouver by 2030. Thus, the 2030 Visitor Forecast is about 658,348 visitors (4.3%) less than the straight-line projection.

For each source market, the number of visitors to Vancouver is expected to continue to grow, albeit some at a faster pace and some at a slower pace than previously seen. For example, the Canadian, US, UK, German, Japanese, South Korea and Rest of the World are expected to grow faster in the current forecast than they did the past 10 years. In contrast, New Zealand, Australia, France, China, India, Mexico and Brazil are expected to slow their pace of growth compared to the past 10 years.

Visitor Market	2030 Visitors Based on Straight-Line Projected Growth	2030 Visitors Based on Current Forecast	Variance 2030 Visitors Current Forecast vs Straight-Line Growth	2030 Market Share of Vancouver Tourism based on Current Forecast
Canada	7,161,167	7,631,101	469,934	56.8%
United States	2,735,114	2,984,697	249,583	22.2%
New Zealand	88,437	58,094	(30,343)	0.4%
Australia	528,779	323,694	(205,085)	2.4%
United Kingdom	210,237	301,614	91,377	2.2%
Germany	125,386	135,921	10,535	1.0%
France	70,863	47,585	(23,278)	0.4%
China	1,734,214	610,867	(1,123,346)	4.5%
India	196,284	114,510	(81,774)	0.9%
Japan	134,687	225,472	90,785	1.7%
South Korea	91,360	136,641	45,281	1.0%
Mexico	386,321	192,362	(193,959)	1.4%
Brazil	67,390	30,606	(36,784)	0.2%
Rest of World	484,801	620,171	135,370	4.9%
Total	14,015,039	13,356,691	(658,348)	

The bottom line of this demand-side analysis is that growth will continue, but slow down a little relative to historical growth. Even with significant growth of the China and India markets, the U.S. and Canadian markets will remain the most important visitor markets with 79.0% of Vancouver's total market share.

SUPPLY-SIDE FACTORS

The second piece of this analysis looked at six exogenous factors identified in the stakeholder interviews that pose downside risks and upside opportunities to the forecasts, and could potentially alter the trajectory of Vancouver's visitor growth. These exogenous factors included:

- Scenario A - YVR as an important hub
- Scenario B - Limited hotel supply in downtown Vancouver
- Scenario C - An increased Tourism Vancouver budget
- Scenario D - A terrorism event
- Scenario E - A global financial crisis
- Scenario F - Employment constraints in the tourism sector

The bottom line of this analysis shows that:

Scenario A (YVR as an important hub) and **Scenario C** (An increased Tourism Vancouver budget) are expected to have a significant long-term positive impact on the future forecast for visitor traffic and should provide important upside opportunities for the development of this project.

Scenario B (Limited hotel supply in downtown Vancouver), has a significant long-term negative impact on the future forecast for visitor traffic and should be identified as an important risk in the development of this project.

Scenario F (Employment constraints in the tourism sector), is expected to only have a minor negative impact on the future forecast for visitor traffic, and should be identified as a minor risk in the development of this project.

Scenario D (A terrorism event) and **Scenario E** (A global financial crisis), only have a minor and short-term impact on the future forecast for visitor traffic, and should not be included in the development of this project.

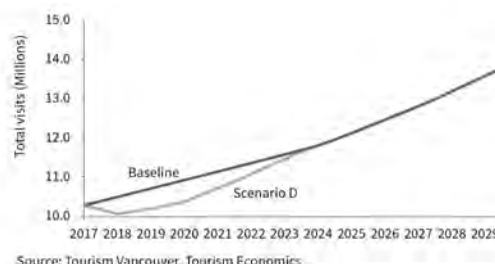
Details of the analysis for each of these scenarios follow.

Supply-Side Factor	Supply-Side Analysis
<p>Scenario A: YVR as an important aviation hub</p> <p>Assuming a moderately faster growth in YVR aviation traffic over the forecast period would result in a premium of 706,989 total overnight visitors to Vancouver by the end of 2030 compared to the baseline scenario.</p>	<p>Source: YVR Vancouver Airport Authority, Tourism Vancouver, Tourism Economics</p>
<p>Scenario B: Limited hotel room supply in downtown Vancouver</p> <p>This scenario suggests that the Vancouver hotel room supply has reached an economic limit, which would create further compression and possibly increase ADR at a faster rate than what the baseline forecast assumes.</p> <p>According to the model results, almost 1.2 million visitors would be deterred from visiting Vancouver by 2030 based on the elasticity of demand compared to the baseline scenario.</p>	<p>Source: STR, CBRE, Tourism Vancouver, Tourism Economics</p>
<p>Scenario C: Increased Tourism Vancouver Budget</p> <p>Assuming that Tourism Vancouver budget grows 1% faster than the historic average, we would see a premium of approximately 670,000 visits by the end of 2030.</p>	<p>Source: Tourism Vancouver, Tourism Economics</p>

Scenario D:
An unexpected geopolitical crisis or a terrorism event

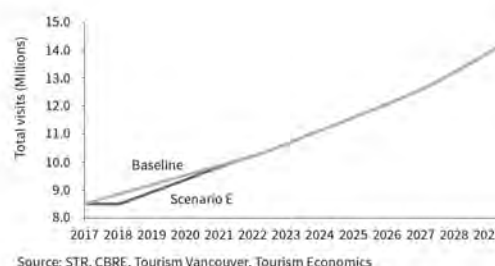
In this scenario, we assume an occurrence of a significant geopolitical crisis or a terrorism event in a global tourist destination (other than Vancouver), and examine its effects on our baseline projections.

As the graph illustrates, most of the impact would occur in the first year following the event. The recovery would be gradual and it would take about 3 years to return to the visitor volume level seen prior to the attack. The overall effect of such an event would dissipate by the end of year 7, after which year the baseline projections and scenario D would coincide.



Scenario E:
A global financial crisis

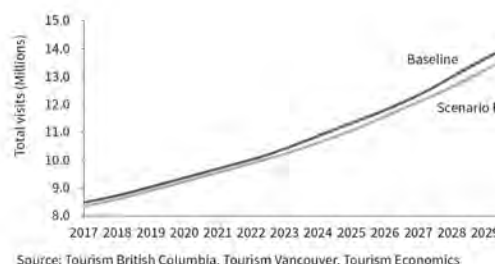
A global financial crisis would have a moderate impact on Vancouver visitor volume. It would result in 150,000 fewer visitors in the year following the recession.



Scenario F:
Employment constraints in the tourism sector

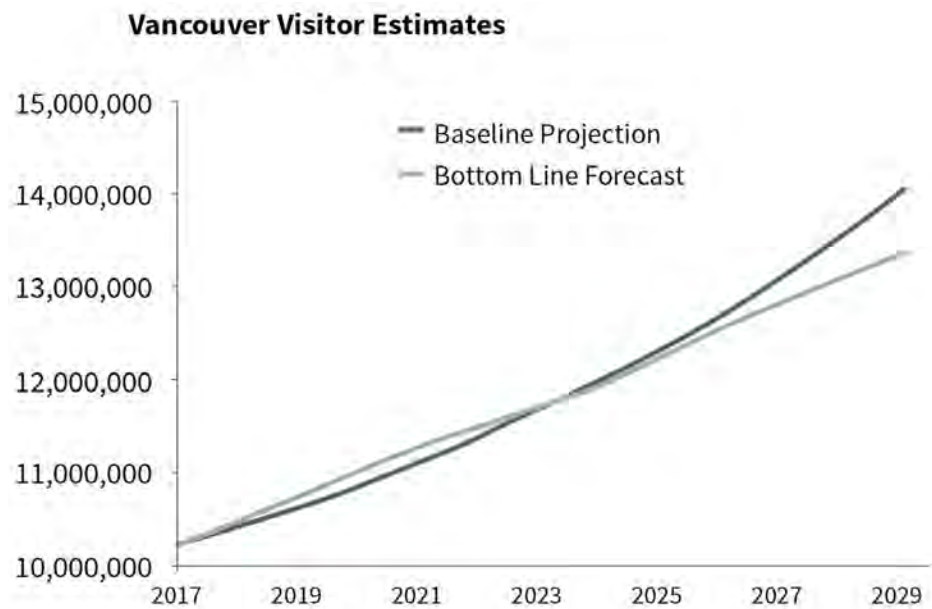
Vancouver has a tight labor market with low unemployment and high living costs. Given the current status of the labor market, which is not limited to the tourism industry and instead is a broader economic issue, we consider a scenario where the tourism sector employment continues to slow over the next decade.

If we assume a tight labor market where employment in the tourism sector grows only marginally and below the historic annual average of 1%, we would expect to see an average of close to 17,000 fewer visitors annually, resulting in a loss of 220,000 visitors by the end of 2030.



THE BOTTOM LINE FORECAST

When all of the demand-side estimates are combined with the supply-side factors that have been identified as having a lasting impact (Scenarios A, B, C and F), the Bottom Line Forecast shows that Vancouver could expect 13.4 million visitors in 2030. Please note that this forecast represents a difference of 658,000 fewer visitors from the Baseline Projection that assumes no changes in historical visitor demand growth or changes to supply-side factors. Even so, the Bottom Line Forecast of 13.4 million visitors represents a 30% increase over 2017 results or an average growth of 2.02% per annum.





SCENARIO ARCHETYPES

SCENARIO ARCHETYPES

The third activity of the Tourism 2030 project was to combine the demand- and supply-side factors identified by the stakeholder interviews with the economic analysis from Tourism Economics in a stakeholder workshop exercise, facilitated by Resonance, to create a variety of scenario vignettes describing how these factors might be combined to change Vancouver tourism's:

- Visitor,
- Experience,
- Brand / Positioning / Marketing, and
- Management of the destination.

These vignettes were then used by Resonance as input for developing a set of comprehensive scenarios, mapping out potential future industry landscapes in 2030.

These comprehensive scenarios used the Scenario Archetype, which is based on the observation that over time, the future tends to unfold into one of four major patterns of change (or combinations).

1. **Continuation.** The system moves forward along its current trajectory. The present trends continue without any major surprises. This is often referred to as the “official future” and is usually considered most likely among people in the industry, but futurists often joke that “the surprise-free future isn’t.”
2. **Contraction.** The system contracts under the weight of “negative” driving forces. This is not necessarily a complete breakdown or chaos, but rather that the system is unable to effectively meet challenges, resulting in stagnation or decline.

3. **New Equilibrium.** The system reaches a balance among competing forces that is significantly different from the current balance. There is a significant challenge to the existing system, and it responds by trying to “save itself.” Some compromises and interventions are made to preserve the structure of the existing system.
4. **Transformation.** The system is discarded in favour of a new one with a new set of rules. This is relatively rare, as most people, organizations, and systems would prefer to keep things the way they are, unless it is absolutely necessary to change. This would represent the most ‘different’ future, as the rules of the game are changed.

A key assumption of this scenario mapping approach is that it explores the future of the industry as a system, with the system being loosely defined as “the way things work in the industry.” We then explored how that system might change over the next decade or two.

This approach also allowed Tourism Vancouver to identify how each of the drivers would play out in each of the four archetypes. This enabled building a consistent approach that produced distinct scenarios that were easy to compare.

FUTURE SCENARIOS



FUTURE SCENARIOS

Based on the scenario vignettes created by stakeholders in the first workshop, Resonance drafted four scenarios corresponding to the Scenario Archetypes described above.

These scenarios—and they are just that—paint four alternative pictures of Vancouver as a destination. They were not and are not to be considered literally—instead they were designed to spark conversation and thought.

In the section that follows, three distinct alternative futures are described:

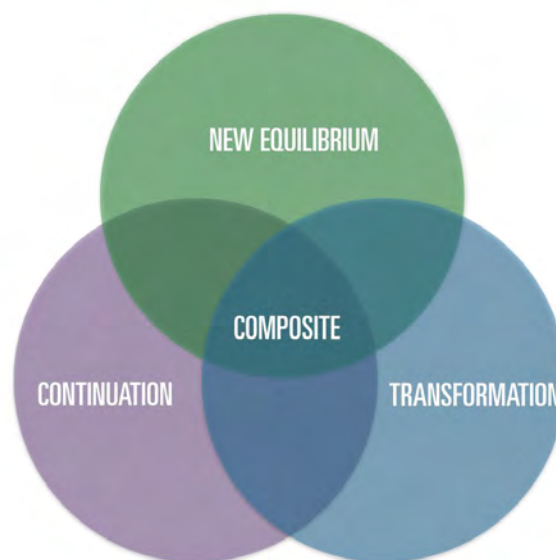
Continuation, which describes the destination’s situation if the forces currently at play continue until 2030 at much the same pace and with the same intensity they have to this point;

New Equilibrium, which considers the effect of new inbound business travel growth precipitated by a high-tech rush for new downtown office space; and

Transformation, which contemplates the causes and effects of the growth of YVR and tourism’s regionalization from ‘downtown’ Vancouver to destinations outside the downtown core.

Please note that a **Contraction** Scenario was also produced. However, it was observed that this short-term situation could apply to any of the other three scenarios and was therefore discarded from being included as an independent stand alone scenario.

In the end, the three scenarios were presented at a second workshop with Tourism Vancouver stakeholders, and after considerable discussion and debate, it was agreed that neither Continuation, New Equilibrium nor Transformation scenarios were “ideal” or entirely “likely”, so the group decided to create a compilation or **Composite** scenario. The Composite Scenario, presented last, describes what the future might look like if each of the key forces described in the aforementioned scenarios were to develop with moderate intensity and interact with one other.





CONTINUATION



CONTINUATION

In 2030, Vancouver has become the place that its trajectory in the past half-century has predestined, and that cynics have long accused it of being—an exclusive resort city for affluent travellers from around the world.

The key culprit is the lack of new hotel rooms, which drove occupancy rates north of 78% in 2017 and spurred ADR growth from \$175 to more than \$190 by the end of that year. By the mid 2020's, ADR and occupancy are approaching similar levels to Seattle and San Francisco—a once-unthinkable scenario—bringing it ever closer to Geneva and other notoriously expensive world cities. As 2030 approached, the number of visitors continued to grow, but more modestly than Tourism Economics' baseline prediction of 14 million tourists: because ADR was 5% higher than the baseline, the actual number of visitors turned out to be closer to 12.8 million—1.2 million fewer visitors in 2030 compared to the baseline.

However, these visitors were more fortunate—ie., they had larger fortunes—than previous visitors. These 'purposeful travellers', sophisticated cultural explorers and outdoor enthusiasts, were often avid older multi-generational American, Canadian and European learners who wished to live youthfully and energetically, and were happy to spend on experiences they couldn't find anywhere else. Wealthy Chinese and Indians were increasingly in the mix. So while higher ADR may have slowed the growth of tourism in absolute terms, the amount spent actually increased by more than 30% by 2030.

For hotel owners, retailers and service providers, things are looking very good indeed in 2030. ADR continues to climb, and ever more high-end activities have sprung up to cater to wealthy visitors' refined and worldly tastes, many of which are too expensive to be enjoyed by locals. Many others—including some once considered to be integral to the Vancouver experience—fade away. High-end stores and restaurants are doing well; experiences are over the top; Vancouver is the talk of the 21st century jet set.

To cater to its coterie of wealthy sophisticated explorers, Vancouver has increased its year-round cultural offerings, much like that other wealthy resort, Whistler, with which it is ever more closely aligned. Along with spring events like TED, Vancouver partnered with Art Basel in its Art Basel Cities initiative, which helped the city develop a vibrant and intellectually rigorous art program that brought together contemporary aboriginal artists from British Columbia and the rest of the world, and made the city a must-visit for the monied international art set. Art, along with exquisitely rare foraging, dining, cooking, and music have made Vancouver + Whistler a recreational and cultural destination unlike any in the world. The enriched calendar of experiences means that the shoulder season and winter are almost as much in demand as summer, ensuring premium rates year round.

As President Trump's tax break put almost \$1.2 trillion into the hands of the wealthiest 1% of U.S. households between 2018 and 2028, Vancouver became even more desirable—close to the U.S. and easily accessible, visitors began to consider Vancouver as a second, third or fourth home, driving up local real estate values even more. For a class of visitors accustomed to paying cash for properties of more than \$5 million, Vancouver real estate was a no-brainer.

Despite the rise in both ADR and occupancy, the city's housing strategy to develop 72,000 new housing units between 2018 and 2028 left little land or appetite for real estate developers to invest in and build new hotels; the opportunity and returns on residential development continued to vastly surpass those of potential new hotels.

There were other risks associated with the increased yield. Politically, Vancouver began pushing back by 2025. The city, which had always fancied itself as egalitarian, had to face the fact that it was anything but. The critical shortage of affordable housing was disastrous for those who wait on, cook for, clean up after, teach, drive and guide well-heeled visitors. This led to middle-class flight—and brought new life

to small interior B.C. cities—and created serious labour shortages on the Lower Mainland. Along with advances in technology, the situation grew the need for temporary foreign workers, which was reinstated in 2025.

The gap in lifestyle and values between those visiting Vancouver and its residents meant the tourism industry was increasingly disconnected from Vancouver's core identity. This created an 'us vs. them' mentality and growing friction between locals and visitors.

Finally, under immense political pressure, British Columbia increased the minimum wage in the region, and by 2030 pays service workers \$25, which appeased calls for better economic sustainability in 'Vancouver Green Capital'. This, of course, drove ADR even higher, which reduced the variety of visitors even further and made the city a more and more exclusive playground—by 2030, the ADR growth cycle had become ever more lucrative for some and vicious for others. Vancouver earned a reputation similar to that of San Francisco—a glittering city on the sea that's desired the world over by its visitors, and that's home to a world of intrinsic inequality.



***NEW
EQUILIBRIUM***

NEW EQUILIBRIUM

By 2030, Vancouver has become a bona fide global city—a beautiful, desirable and expensive jewel that receives some 14 million overnight visitors per year. Summer and fall brings well-heeled travellers from around the world who lodge in downtown’s luxury hotels, which enjoy an enviable ADR; winter, fall and spring has seen a dramatic increase in business travel, which allows hotels to continue to demand premium room rates year round.

The bump in business travel has been remarkable: In fact, by 2030, the number of overnight business travellers has doubled to 2.8 million per year, around 20% of all visitors to the city—compared to a mere 13.5% as recently as 2014. That’s made Vancouver more like San Francisco, where some 30% of that city’s visitors were domestic and international business travellers during the same period. By 2030, people visiting Vancouver friends and relatives has remained steady at nearly 40%—lodging is not an issue for them—but middle-class travellers without a VFR connection have been priced out of the city’s expensive hotels. Add to that restrictions on Airbnb in Vancouver, which made the city that much more difficult to access for many starting in 2018 when new regulations came into effect, and leisure travel to Vancouver has dropped from 37.8% of all travellers in 2014 to just 30% in 2030.

A key catalyst for the increase in business travel is the city’s booming tech sector and growth in commercial space in the city between 2018 and 2021, when some 3 million square feet of new office space was delivered downtown—on top of more than 2 million square feet that was delivered between 2015 and 2017. “That 2.3 million was the most significant wave of development to arrive in basically the last 25 years in downtown Vancouver,” Stuart Barron of Cushman Wakefield told The Province in August 2017.

This new space was absorbed at four times the usual rate, most of it by tech companies, whose needs starting in 2017 exceeded those of companies in the resource and commodity sectors for the first time. In fact, demand for office space by technology companies exceeded that of every other sector combined in 2017, according to an analysis by Colliers International.

Even as these new buildings were delivered, the city’s commercial vacancy rate hovered at around 6.3% in 2019, estimated at that time to be the second-lowest in the western hemisphere, which spurred further development.

While the growth in office development slowed after 2021, by 2030 the amount of office space in downtown Vancouver had grown more than 50% from what it was in 2015, with more than 35 million square feet of office space in the heart of the city.

Another important factor was a combination of former President Trump's hostility to immigration and Vancouver's proximity to Seattle and California's tech scenes, which accelerated the growth of the Vancouver satellite offices, filling them with the highly paid high-tech foreign workers of companies such as Microsoft, Amazon, Google and Twitter who enjoyed close proximity to their Seattle and San Francisco headquarters. For example, in 2018, PCI Developments announced that WeWork had agreed to lease an entire new office tower downtown that they had yet to break ground on. WeWork in turn announced that Amazon had agreed to lease the entire building for the first five years in its search to accommodate an additional 1,000 employees the firm expected to hire in Vancouver by 2022.

The growing integration of the economies of Vancouver and Seattle spurred further calls for a high-speed transportation connection between the two cities. By 2028, high-speed vacuum tubes were being built for a Hyperloop connection between Vancouver, Seattle and San Francisco.

Tourism Vancouver's concerns about shoulder season occupancy have dissolved as business travel by domestic and international companies took up the vacancy slack left after the already full-occupancy summer and fall. Now the growth of ADR and year-round occupancy have spurred significant new hotel development downtown for the first time in a decade as shrewd developers saw the opportunity to

make the financials of a hotel work at last. Still, there's concern that attendees to conferences in the convention centre can't stay downtown, since hotels have no need to offer block room rates in order to fill rooms. Many associations, the bread and butter of the conference business, can scarcely afford downtown Vancouver by 2030.

Indeed, by 2030, Vancouver is still the highest-rated business meeting site in North America, just as it was in 2017, when it was acclaimed by everyone from Skytrax to Latinoamérica Convenciones. But the nature of the meetings has changed—wealthy companies and boutique brain trusts like TED now occupy the bulk of spaces in the convention centre. Conferences have also become much more global in nature due to the growth of connections from YVR, and the city's location—equidistant between London and Beijing.

For their part, business travellers have increased demand for small, medium and large meeting spaces in hotels wherever they can be found, and WeWork and other shared office arrangements are important fixtures. Smitten by Vancouver's beauty, business travellers add on days before and after corporate obligations to enjoy with friends and significant others. Small wonder the city continues to occupy a number 10 spot in Condé Nast Traveler's Best Cities in the World, edging out major cities like Rome, London and Hong Kong.

Business travellers and monied FIT visitors from around the world—Mexico and China are ever-more important sources by 2030—have changed the face of the tourism scene. They helped grow Vancouver’s culinary scene into the most exciting in the country; by 2030, four of 10 of EnRoute magazine’s best new restaurants are in the city, and visitors comb the Lower Mainland for the eating experiences afforded by Vancouver’s singularly diverse population. Sophisticated electric bikes get older wealthier Mexicans, Chinese and Americans around the Sea Wall, and urban wilderness experiences make Stanley Park and the trails and waterfronts of the North Shore into well-trodden stomping grounds. Cypress Village in West Vancouver and the Lower Lonsdale Shipyards combine nature, views, art and

dining, creating new destinations for avid lovers of the exciting urban and the unexplored natural. Everywhere, signage in Spanish, English and Chinese welcomes all.

Demand by these sophisticated travellers for an understanding and experience of Canadian culture has brought Aboriginal tourism to the fore by 2030, and accessible experiences of indigenous food and philosophy, particularly around the environment and well-being, attract throngs of learners and seekers. A fleet of ferries and the Broadway Line, in place at last, brings visitors to Pacific Spirit Park and the totems of the Museum of Anthropology at UBC, making those neglected destinations an integral part of a ‘Canadian’ experience in Vancouver.



TRANSFORMATION



TRANSFORMATION

In 2030, the word ‘Vancouver’ means much, much more than just ‘downtown’ for visitors. Vancouver has come to include everything from Richmond to Whistler and from Langley to Vancouver Island. Rather than being the key destination and point of interest for visitors, the heart of Vancouver is just one of several entry points and possible attractions.

The reasons for the evolution? High hotel development costs downtown relative to the suburbs made the creation of hospitality venues in the region a smarter move; and a new cruise ship terminal in Tsawwassen added another half-million visitors to that area. Indeed, by 2030 some travellers don’t even make it downtown during their visits.

By 2020, the lack of new hotel development downtown put Vancouver at a distinct competitive disadvantage; like L.A., which added hotel rooms at a rate of less than 1% a year from 1987 to 2012, according to the L.A. Times, Vancouver’s hotel supply actually plateaued in 2000, and began declining soon thereafter due to condo conversions and other development pressures: there were 25,210 rooms in 2011 and fewer than 20,000 by 2020.

During the second decade of the 21st century in Los Angeles, the lack of hotel rooms meant that tourism growth lagged behind urban competitors like New York and Orlando—and the same became true for Vancouver, whose growth in both leisure and conference visitors began to lag. Convention-goers were forced to stay far from the convention centre, which made Vancouver’s famed walkability a moot point. Associations looked elsewhere for better deals.

The launch of the very big, very tall cruise ships accelerated regionalization: While vessels like the medium-sized, 2,850-passenger Celebrity Solstice were the biggest that could pass under the Lion’s Gate Bridge and fit in the city’s downtown terminal, new ships like the Royal Caribbean’s Symphony of the Seas—which launched in 2018 and berthed 6,870 guests and crew on its 18 decks—was far too big to duck under the Lion’s Gate’s 61-meter-tall span. According to Cruise Critic, 29 ships with a capacity of 3,000 passengers or more—all of them too tall for the Lion’s Gate—launched between 2017 and 2025; that figure was more than 61% of all ships launched during the period. The big ships began to look elsewhere, and in order to keep its cruise growth momentum and not lose business to ports in Seattle, a new, sky-is-the-limit terminal was opened in Tsawwassen. Downtown became the repose of smaller, sophisticated ships.

The class of ships with 3,000 passengers and more found a warm welcome at the new terminal, and their arrival made the construction of hundreds of hotel rooms in the area—and more than a thousand new hotel rooms in Richmond—a natural. Developers partnered up with hotel flags that had been long eager to access the Lower Mainland, and on sites near the Olympic Oval, the malls of Richmond Centre and Aberdeen Centre, and near the river in Steveston, the Intercontinentals, Hilton brands, Marriotts and others all gained footholds.

With the new hotels came new meeting space, and soon associations were staying outside of downtown and its premium rooms. While Vancouver, like L.A., lacked hotels in proximity of the convention centre, the new Richmond spaces were an easy walk to accommodation and amenities. From 25 hotels in 2017—with the largest offering 400 rooms and 21,000 square feet of multi-function space—Richmond’s 1,000 new rooms and meeting spaces made it a contender and a competitor to downtown.

And while Tsawwassen offered golf, nature and shopping, Richmond assumed a position as a transportation hub—YVR was minutes away on the Canada Line, and the Vancouver Convention Centre was just 20 minutes away on the Canada Line transit system that has become the Winter Olympics’ most enduring legacy. Shopping in Richmond was as good as downtown, Steveston offered unique history and riverside charm, and the area’s many and varied Chinese restaurants and the night market provided visitors with almost endless cultural discovery, making this new Vancouver feel much more worldly and cosmopolitan. As liquor laws loosened in the province, the club scene grew, making the once merely bustling suburb feel like the heartbeat of the region.

Not to be outdone, Burnaby and Surrey stepped up with hotels and meeting spaces of their own: a new convention centre was completed in Surrey by the mid 2020s; Burnaby leveraged its connections with local video game powerhouse EA and Montréal’s global

conveners C2 to create a unique new mid-sized meeting space designed to produce more creative and innovative gatherings that better prepared companies for change. Proximity to Metrotown shopping was an advantage for Burnaby, of course, but the innovative new space kept the city

firmly in the meetings game, attracting some of the world’s most forward-thinking companies and raising the city’s profile as a change agent. Both Burnaby and Surrey benefited from their proximity to Abbotsford International, a newly-dynamic arrival point that offered value, relative convenience, and the opportunity of no-charge layovers.

The development of the Lower Mainland also led to an increase in the number and quality of regional sports venues, from multi-purpose sports fields to indoor sports arenas, to hockey and ice rinks that rivaled Richmond’s Olympic Oval. The new venues led to further regional group business and to an uptick in occupancy as bigger tournaments become more frequent.

The regionalization of hospitality had other profound effects: for one, Vancouver’s many destination management organizations created a regional marketing entity to promote Greater Vancouver under a unified brand, one that spoke much more loudly and forcefully for the region than the scattershot approach of the past.

But perhaps the most interesting result was the emergence of Vancouver, by 2030, as a true waterfront city—a region experienced most fully and enjoyably from its rivers and ocean. From their Tsawwassen cruise port, visitors could choose to travel to Richmond or Steveston by boat—an experience akin to a Venice arrival—in a charming, small, Star Ferry-style vessel, or a contemporary high-speed hydrofoil. Sophisticated, futuristic vessels capable of circumnavigating Vancouver Island brought visitors up Burrard Inlet to Vancouver, and leisure docks were established in North and West Vancouver, where visitors enjoyed the Centennial Seawalk. (By 2030, tourism is occupying the elements as never before, and the waterfront experience in the Lower Mainland has earned it National Geographic’s coveted ‘50 Places of a Lifetime’ designation.)

Then there were the new floating hotels at Canada Place, which became both accommodation and attraction—there were boutique-scale venues, like that offered by The Good chain based out of Amsterdam, and the 175-room Amstel Boatel, as well as larger scale floating offerings.

By 2030, tourism is transformed, and the region takes its place as a destination and an attraction, easing pressure on downtown and making ‘Vancouver’ a place for all visitors.



COMPOSITE



COMPOSITE

In 2030, forces already in play in 2018 have reshaped the tourism landscape: considerable growth in YVR connections, an increased budget for Tourism Vancouver and the city's ongoing desirability and lustrous brand bring more visitors. The ongoing evolution of Vancouver into a tech hub, and corresponding increase in office space, has sparked a substantial increase in wealthy and well-traveled business travelers. Tight downtown hotel room supply keeps ADR growing and occupancy high, and while this encourages a regionalization of hotel development, the focus of tourism remains downtown—the heart of the city is still the definition of the Vancouver experience, and visitors staying in outlying communities travel into the city. Yet with growing numbers of people staying in other parts of the Lower Mainland, places as different as West Vancouver and Richmond are coming to define “Vancouver” as well. Much as visitors to New York say they are going to “New York”, and spend much of their time in Manhattan, they'll also devote part of their visit to the exploration of Brooklyn, Harlem, Queens or other neighbourhoods. In 2030, “Vancouver” is a bigger idea and a bigger destination with more varied visitors than ever before.

Tourism will grow from 10.5 million to 13.4 million in 2030, a 28% increase. Of this, business travel will account for 2.1 million visitors, or 15.8% of the total—an important increase from the 13.5% of overnight business travellers as recently as 2014.

These busy, monied and connected visitors helped push total tourism spending from \$5.1 billion to \$8.7 billion. They also kept ADR high year round,

substantially decreasing concerns about seasonality. By 2030, the number of people visiting Vancouver friends and relatives has remained steady at nearly 40%—lodging is not an issue for them—but middle-class travellers without a VFR connection have been priced out of the city's expensive hotels. Add to that restrictions on Airbnb in Vancouver, which made the city that much more difficult to access for many starting in 2018, and total leisure travel to Vancouver has dropped from 86.5% in 2014 to 84.3% in 2030.

A key catalyst for the increase in business travel is the city's booming tech sector and corresponding growth in commercial space in the city between 2018 and 2021, when some 3 million square feet of new office space were delivered downtown—on top of more than 2 million square feet that were delivered between 2015 and 2017. “That 2.3 million was the most significant wave of development to arrive in basically the last 25 years in downtown Vancouver,” Stuart Barron of Cushman Wakefield told The Province in August 2017.

This new space was absorbed at four times the usual rate, most of it by tech companies, whose needs, from 2017 on, exceeded those of companies in the resource and commodity sectors. In fact, demand for office space by technology companies exceeded that of every other sector combined in 2017, according to an analysis by Colliers International. And it was just the beginning.

While office development slowed after 2021, by 2030 the amount of office space in downtown Vancouver had grown more than 50% from what it was in 2015, with more than 35 million square feet of office space in the heart of the city. WeWork, virtually unknown in Vancouver before 2016, was a key tenant, and Vancouver's many freelancers came out of their homes into the shared workspace for bright, open rooms and imaginative programming. Former President Trump's hostility to immigration had brought the first wave of superstar engineers to Canada, and a dozen years later, the die has been cast: Canada's tech sector is a world leader, and Vancouver's combination of opportunity, capital, space and lifestyle has made it a key hub and a popular destination for technology-oriented meetings and conferences. The flow of business travelers is predicted to grow even more by 2040.

A Downtown Jewel

In 2030, Vancouver's business and leisure travelers are wealthy, worldly and curious connoisseurs, and they've created demand for ever more sophisticated and upscale experiences, services and learning opportunities. Vancouver, in 2030, is an exciting but expensive place to visit.

The waterfront has come into focus: a desire to see and explore the area by water leads to the charm of Star-ferry style transportation between Vancouver, North and West Vancouver docks. Vancouver's already considerable food scene explodes, and beach foraging for dinner, for mushrooms (yes, psilocybin as well) along a growing international interest in wild fish gives it a culinary identity as particular and as desired as Scandinavia's.

In 2030, wealthy visitors are knowledgeable about art, and they're collectors of the local and finely crafted. Granville Island has become a hub of local makers and

artists, and the former Emily Carr space is now occupied by craftspeople who open their studios to visitors and lead classes in making and shaping. Interest in Aboriginal art has been growing for a decade, and when the Vancouver Gallery finally moved to its new location, the Museum of Vancouver came to the Georgia Street space, where its considerable collection of Aboriginal art had room to shine. The scattered repositories of native art have been collected into a circuit that includes the Museum of Vancouver, the Museum of Anthropology, craftspeople on Granville Island, downtown's Bill Reid museum and the Audain museum in Whistler. Festival Art Basel Cities promotes and supports the initiative, and collectors from around the world have taken notice of the traditional and emerging forms of native art, from classic Inuit to fantastical Cape Dorset prints to iconoclastic contemporary works. Artists from Dorset regularly travel to the city to demonstrate the printmaking techniques that have made their works internationally desirable.

Nature is still an important part of Vancouver's allure, and it is explored and enjoyed like never before in 2030. Urban wilderness experiences—from mountain biking to birdwatching to interpretation of flora to urban scuba—make Stanley Park and the mountaintop trails and waterfronts of the North Shore into world-renowned experiences. Cypress Village in West Vancouver and the Lower Lonsdale Shipyards combine nature, views, art and dining, creating new destinations for avid lovers of the exciting urban and the unexplored natural. Opportunities to learn, important to wealthy visitors, proliferate. Workshops led by experienced journalists, influencers and naturalists combine photography, foraging and instruction in savvy exploration of the elements.

But it's in Whistler, in 2030, that visitors get their fill of nature—raw backcountry, refined heli-hikes, hidden fly-fishing meccas for salmon. Guiding has become an art, and relationships between guides and visitors are close and last generations. The hands on, learn-as-you-go Arc'teryx Academy, like the company's products, are high-end adventure of the best kind. The resort and its surroundings become a playground as sophisticated as they are spectacular, an experience of the elements unmatched anywhere. The cultural and activity calendars of Vancouver and the mountain resort are increasingly aligned, with complementary activities year-round.

An Inevitable Regionalization

By 2030, the growth of ADR and the year-round occupancy made possible by business travelers had spurred new hotel development downtown for the first time in 15 years, as shrewd developers saw the opportunity to make the financials of a hotel work at last. Still, even with more rooms complete and others in the works, attendees to conferences in the downtown convention centre found themselves priced out of the centre city: There still wasn't so much hotel space that owners needed to offer block room rates in order to fill rooms, and many associations, the bread and butter of the conference business, can scarcely afford downtown Vancouver by 2030.

The limited number of hotel rooms downtown has brought a spurt of growth in hotels in the region by 2030. Developers partnered up with hotel flags that had been long eager to access the Lower Mainland, and the Intercontinentals, Hilton brands, Marriotts and others all gained footholds. With the new hotels came new meeting space, and soon associations were staying outside of downtown and its premium rooms. While Vancouver, like L.A. in 2017, lacked affordable

hotels in proximity of the convention centre, new spaces in Richmond were an easy walk to public transportation, accommodation and amenities. From 25 hotels in 2017—with the largest offering 400 rooms and 21,000 square feet of multi-function space—Richmond's 1,000 new rooms and meeting spaces to match, made it a contender and a competitor to downtown in 2030.

Not to be outdone, Burnaby and Surrey stepped up with hotels and meeting spaces of their own: a new convention centre was completed in Surrey by the mid 2020s; Burnaby leveraged its connections with local video game powerhouse EA and Montréal's global conveners C2 to create a unique new mid-sized meeting space designed to produce more creative and innovative gatherings that better prepared companies for change. Proximity to Metrotown shopping was an advantage for Burnaby, of course, but the innovative new space kept the city firmly in the meetings game, attracting some of the world's most forward-thinking companies and raising the city's profile as a change agent. Both Burnaby and Surrey benefited from their proximity to Abbotsford International, a newly-dynamic arrival point that offered value, relative convenience, and the opportunity of no-charge layovers. New Westminster's funky waterfront downtown has emerged as a worthy day trip by 2030, as has Port Moody's main street.

Increase in population in the province and growth and development of the Lower Mainland also led to an increase in the number and quality of regional sports venues, from multi-purpose sports fields to indoor sports arenas, to hockey and ice rinks that rivaled Richmond's Olympic Oval. The new venues led to further regional group business and to an uptick in regional hotel occupancy as bigger tournaments become more frequent.

Construction of a new large-ship cruise port in Tsawwassen, well underway by 2030, looks like it will cement the importance of Richmond as a true destination, with shopping that rivals downtown, an authentic, intriguing food scene that incorporates the best of Asian food from around the globe, charming Steveston, and a brimming, buzzy night market that has become as obligatory as a deep-snow selfie in Whistler. Tsawwassen, by 2040, will be a new portal, bringing with it a somewhat less monied but eager cruise population. Keen to continue to experience the region by water, these cruise visitors will encourage the creation of more modes of waterborne transport, and a fuller expression of Vancouver as a coastal destination. Ships bearing fewer than 3,000 visitors—the biggest ship that can fit under the Lion’s Gate Bridge—will continue to berth downtown, and both kinds of cruising are anticipated to continue to flourish.

The regionalization of hospitality had other profound effects by 2030: visits become ever longer for both leisure and business travelers, who add on days before and after meetings to explore the newly-accessible and endlessly varied communities of the Lower Mainland. This has led Vancouver’s many destination marketing and management organizations to discuss the creation of a regional marketing entity, one that will promote Greater Vancouver under a unified brand that will speak much more loudly and forcefully for the region than the scattershot approach of the past—and that corresponds to the way visitors are consuming what they still, of course, call “Vancouver.”



ACTION ITEMS

ACTION ITEMS

Based on the research, analysis and scenario development from this Tourism 2030 project, Tourism in Vancouver is expected to grow from 10.5 million overnight visitors in 2017 to 13.4 million overnight visitors in 2030, with spending following suit from \$5.1 billion to \$8.7 billion.

With hotel development in downtown Vancouver limited, growth in Average Daily Rate (ADR) and Occupancy will increase profitability, and encourage many leisure visitors and some business travellers to seek out accommodations and activities in less-expensive neighbouring regions.

Still, downtown Vancouver will remain the hub of tourism activity with more visitors travelling in from outlying neighbourhoods, and, at the same time, regional communities will develop even more tourism related activities, accommodations, food and beverage, and experiences.

As the technology sector becomes Vancouver's dominant industry, new commercial space will continue to grow to accommodate the demand, and in turn business travel will follow suit and grow with the sector.

One important benefit of this growth in business travel will be that seasonality will become less of an issue and travel to Vancouver will become a year round reality with monied business and leisure travellers creating demand for more sophisticated and upscale experiences and services throughout the year.

While Vancouver will be increasingly desirable, it will also become more expensive, creating new opportunities for new and enhanced destination and product development.

In sync, Vancouver's success will drive regional growth throughout the Lower Mainland, particularly in Richmond, Surrey and Burnaby, which will build more hotels, meeting space and attractions.

To mitigate these potential risks and capitalize on the opportunities ahead of us, we have developed a series of recommended actions for Tourism Vancouver and / or its industry Partners (City of Vancouver, Regional Cities, Tourism Businesses, etc.) to incorporate into their strategic and operating plans. The following material sets forth the Tourism 2030 Action Items grouped into six major areas focused on:

1. Business Travel
2. Leisure Travel
3. Meetings & Conventions
4. Partnerships and Regional Cooperation
5. Local Community
6. Infrastructure, Operations and Logistics

1. BUSINESS TRAVEL

Increased business travel to Vancouver could change the needs of visitors, the products and services demanded, the nature of trips and duration, and volatility of business. The increased impact of Business Travel on Vancouver tourism also has direct implications for Tourism Vancouver's strategy, operations and actions.

HOTEL DEVELOPMENT

Tourism Vancouver should partner with the Vancouver Economic Commission to quantify the potential for new business travel to Vancouver. Tourism Vancouver should also partner with the Hotel Association to study the impact, requirements and needs of business travelers to Vancouver and what efforts should to be undertaken to host an increasing number of business travelers.

Based on the anticipated growth in Vancouver's office supply, Tourism Vancouver should engage Colliers, CRBE or similar firm to study the downtown hotel supply and forecast occupancy, ADR, RevPar and calculate the threshold rates, occupancy and economics necessary to re-open or re-ignite downtown hotel development and advocate for the development of zoning and regulations by the City of Vancouver that is favorable to the future hotel

development that may be required to support Vancouver's burgeoning tech sector. Tourism Vancouver should also use this research to understand what new or previously unexplored opportunities, products and services—such as extended-stay or long-term accommodations—might develop from this potential growth market as well as understand the market for Bleisure travel, Plus-one travel and Weekend travel. The research should also explore the potential for and possibility of declining leisure travel experiences, and the potential for extended-stay business travel to impact the local real estate market. In addition, the research should also examine the association and volatility between the national / international economy and demand for business travel, and implications for a business travel destination.

HIGH-SPEED TRANSPORT

Tourism Vancouver should support the Province of British Columbia and the State of Washington's study for a potential high-speed connection between Vancouver and Seattle to see what they are planning and how they are preparing for future transportation and business travel needs. Vancouver should explore future congestion on Interstate 5 and long-term high-speed ground transportation options for the Cascadia Corridor such as a bullet train or hyperloop with these neighbouring cities.

2. LEISURE TRAVEL

Like many world class destinations, Tourism Vancouver has started an evolutionary journey to grow from Destination Marketing Organization (DMO) to Destination Marketing and Management Organization (DMMO), with new responsibilities, strategies, plans, activities and resources designed to “manage” the visitor experience in Vancouver. And like these other destinations, Tourism Vancouver is still charting its course in regard to how broad and how deep it should and can engage in the management of Vancouver’s tourism product / experience. With that said, the Tourism 2030 scenarios identified a number of risks and opportunities that Tourism Vancouver should activate to deliver on the economic and quality of life opportunities of tourism.

While Tourism Vancouver’s leisure visitors will be slightly more international a decade from now, more than 79% of its visitors are expected to still come from Canada and the U.S. What will change will be the age and affluence of these visitors as they continue to become older and more affluent due to aging populations in these source markets and limited hotel supply, which results in a higher ADR and a more affluent leisure visitor during peak season.

Research conducted by Resonance on the wealthiest 5% and 1% of travellers in the U.S. indicates that these affluent travellers are more interested than the average U.S. traveller in the following types of activities and experiences:

1. Visiting Cultural Attractions
2. Attending Cultural Events & Performances
3. Health & Fitness
4. Nightlife
5. Participating in Outdoor Sports
6. Watching Live Sports

7. Participating in ‘Once-in-a-Lifetime Activities’
8. Personally Participating in Athletic Competitions

This points to a need for Tourism Vancouver and its stakeholders to focus on the development of products in these areas:

ARTS + CULTURE

Tourism Vancouver should partner with BC Alliance for Arts + Culture, the City of Vancouver Cultural Services Office and other important arts and cultural organizations to conduct research and assess the implications of a more affluent destination on residents and future visitors, as well as target and build their connection and artistic offerings to Vancouver visitors.

Tourism Vancouver should promote and support fundraising for the proposed new Vancouver Art Gallery and suggest potential alternative uses for the current VAG location as an important new cultural tourism hub.

EVENTS AND FESTIVALS

Tourism Vancouver and the regional DMOs should establish a dedicated events organization to lead, organize and manage region-wide efforts in delivering year-round events—cultural events, signature events, sports tourism events—with emphasis on the first and fourth quarter.

HEALTH, FITNESS & SPORTS TOURISM

Tourism Vancouver should continue to support and develop events such as Wanderlust, the Grand Fondo, and the Vancouver marathon.

Tourism Vancouver should continue to grow its sports tourism efforts through Sport Hosting Vancouver, regional DMOs, neighbouring city officials and interested stakeholders such as PavCo (VCC and BC Place) to create and attract more international sporting events to Vancouver.

MUSIC & NIGHTLIFE

Tourism Vancouver should partner with the City of Vancouver in the development and implementation of a Music and Nightlife Strategy for the city. Vancouver's growing reputation for electronic music internationally should be fostered and developed. Potential actions could include the creation of a "Night Mayor" position to oversee, coordinate and advocate for licensing and policies favorable to the development and management of nighttime activities and entertainment.

OUTDOOR TOURISM

Tourism Vancouver should create a product development committee of outdoor experience stakeholders throughout Greater Vancouver to enhance the quantity and quality of outdoor experiences available to Vancouver visitors and local residents.

3. MEETINGS & CONVENTIONS

Limited downtown hotel development and a corresponding rise in both transient corporate and leisure travel could significantly impact the ancillary costs of holding major meetings and conventions at the Vancouver Convention Centre, leading to more meetings and convention traffic being driven to neighbouring communities, as well as potential reconfiguration of the VCC itself to accommodate changing clients and their future meeting and convention space needs.

Vancouver's burgeoning tech sector will also create new opportunities for different sizes and types of meetings that cater to this particular sector. Seattle is an interesting case in point where 25% of all meetings and conventions in the city are driven by one corporation: Microsoft.

VANCOUVER CONVENTION CENTRE

Tourism Vancouver and Convention Centre management should conduct a future demand and operational analysis and create a development plan for possible reconfiguration and updated use of the Vancouver Convention Centre. Any opportunities for future expansion as part of the City of Vancouver's waterfront plan should explore potential opportunities for the creation of a headquarter hotel that would support both existing and future meeting space.

4. PARTNERSHIPS AND REGIONAL COOPERATION

Tourism compression generated by increasing business travel and limited downtown hotel development has the potential to shift visitor traffic (leisure, meetings and conventions) to the regional communities creating new opportunities and challenges for the Greater Vancouver Regional Area and the broader tourism stakeholder community (DMOs, tourism businesses, government agencies, etc.).

PARTNERSHIPS

Tourism Vancouver should explore opportunities for engagement, partnerships and sponsorships with new non-travel companies that are or will be resident in Vancouver and have a high demand for business travel services.

REGIONAL DMOS

Tourism Vancouver should work with the regional DMOs to develop plans and programs for growing leisure business (accommodations, dining, entertainment, activities, etc.) in the neighbouring communities.

Tourism Vancouver should explore and establish programs, procedures and protocols with neighbouring community DMOs for hotel block bookings in the regional cities to accommodate and facilitate downtown Vancouver Convention Centre events.

Tourism Vancouver and regional DMOs should explore opportunities for further collaboration including a joint vision, mission, operating principles/practices and joint research, marketing strategies, plans and spending with their respective boards, management and staff.

REGIONAL TOURISM MASTER PLAN

Working with Destination BC, Tourism Vancouver and the regional DMOs should undertake research to assess the regional distribution of tourism products, experiences, establishments, workforce and economic impact, and what shifts, issues and opportunities are likely to occur with increased regionalization of the industry.

The Vancouver region should create a Regional Tourism Master Plan, including Vancouver, Metro Vancouver, the Fraser Valley, Whistler and Squamish.

5. LOCAL COMMUNITY

The Vision, Mission, Strategy, Activities and Operations of Tourism Vancouver are likely to evolve over the next many years as it responds to the numerous risks and opportunities presented by this Tourism 2030 project, as well as normal and regular changes that occur as a result of day-to-day events and activities. A number of these changes have been articulated in the Action Items presented in this document, but it would be remiss to not also highlight Tourism Vancouver's direct responsibility to Vancouver residents and the impact of tourism on the economy and the quality of life.

COMMUNITY RELATIONS

Tourism Vancouver should create and deliver a public relations campaign to inform and educate residents about the value of tourism to the economy and jobs in Vancouver, as well as the enhanced quality of life made possible by tourism.

Tourism Vancouver should develop research to measure and monitor resident opinions, reactions and feedback associated with Vancouver tourism and visitor volumes / carrying capacity. The research should also focus on tourism-generated situations, associated with or resulting in income, economic, racial and social disparities and homelessness.

6. INFRASTRUCTURE, OPERATIONS AND LOGISTICS

Over the next 13 years or so, Tourism Vancouver expects certain ground, air and water infrastructure and systems in Vancouver to age, reach carrying capacity, become obsolete, and require repair or replacement. At the same time they expect technology, systems and logistics to grow, evolve and provide new solutions for increasing volumes of visitor traffic. In a similar way, tourism's human resources are expected to follow suit and be challenged, react and adjust to new and evolving circumstances. As such, a number of Action Items have been identified and articulated to respond to these risks and opportunities.

AIR ACCESS AND NEW MARKETS

Tourism Vancouver should continue to work with YVR and other aviation interests to assess and develop new business travel driven city pairs for Vancouver.

CARRYING CAPACITY

Tourism Vancouver and the regional DMOs should undertake carrying capacity research to quantify and assess the impact of broadened regional tourism and possible choke points associated with transportation and smaller regional visitor experiences.

CRUISE TOURISM INFRASTRUCTURE

Tourism Vancouver should engage with the broader tourism stakeholder community to define the issues and opportunities associated with a new cruise dock / terminal at the Tsawwassen Ferry Terminal. These same stakeholders should assess the long-term outlook for the Canada Place Cruise Ship Terminal and agree the enhancements or expansion needed and necessary to deliver a world class downtown cruise ship experience.

LABOUR, SKILLS AND CONDITIONS

Tourism Vancouver should continue to work with Go2HR to study and keep abreast of tourism industry human resource issues, especially those associated with compensation, cost of living, transportation and others that may be limiting the supply of industry professionals in Vancouver. The research should also consider the labour and HR issues associated with a more expensive destination including, but not limited to, compensation levels, quality of service, technology skills, employment demand, language skills, etc.

REGIONAL TOURISM INFRASTRUCTURE

In conjunction with the regional Carrying Capacity Research, Tourism Vancouver and the regional DMOs should undertake a comprehensive examination of regional tourism infrastructure to identify issues and opportunities for improvement.

SHORT-TERM RENTALS

Tourism Vancouver should study the short-term rental market for homes / condos in Vancouver to determine if there are any broader policy issues impacting or being impacted by tourism that should be addressed. This research should also focus on sharing economy programs such as Airbnb, VRBO, etc. to determine their impact on tourism and how City or Provincial policy associated with these programs are impacting their business.

VISITOR TRANSPORTATION

Tourism Vancouver should work with Translink and other accommodations and transportation stakeholders to make regional transport between hotels, the various convention centers, meeting sites and social event venues as seamless and cohesive as possible.

Tourism Vancouver should engage with regional DMOs, neighbouring city officials, transportation officials (Translink and the Port Authority) and transportation-related companies to create a new strategy and long-term plan for visitor transportation (air, ground and water) within Greater Vancouver. Special focus should be directed to opportunities for water transportation and waterway development for visitor experiences.



ACTIVATION

ACTIVATION

There are always limits to any organization's resources, effort and time, and Tourism Vancouver is no different, so choices will need to be made in terms of which Action Items will require Near-Term, Medium-Term and Long-Term Activation.

The following chart illustrates Tourism Vancouver's Activation Time Horizon for each of the Action Items, with indications for timing associated with Planning/Study, Implementation of Recommendations, and Realization of Benefits.

Key:

Plan/Study
Implementation of recommendations from Plan/Study.
Start to Realize benefits from Implementation of Plan/Study.

Note: Suggested timing from planning and implementation to START of realization of benefits/impact of activation (many of these initiatives have long-term benefits).

Sector/Action	Activation Time Horizon (2018-2030)		
	Near Term (1-2 Years)	Medium Term (2-5 Years)	Long Term (5-10+ Years)
Business Travel			
<i>Hotel Development</i>			
<i>High Speed Transport</i>			
Leisure Travel			
<i>Arts & Culture</i>			
<i>Vancouver Art Gallery</i>			
<i>Events and Festivals</i>			
<i>Health, Fitness and Sports Tourism</i>			

	Activation Time Horizon (2018-2030)			
Sector/Action	Near Term (1-2 Years)		Medium Term (2-5 Years)	Long Term (5-10+ Years)
Music & Nightlife				
Outdoor Tourism				
Meetings & Conventions				
Vancouver Convention Centre				
Partnerships and Regional Cooperation				
Partnerships				
Regional DMOs				
Regional Tourism Master Plan				
Local Community				
Community Relations				
Community Impact				
Infrastructure, Operations and Logistics				
Air Access and New Markets				
Carrying Capacity				
Cruise Tourism Infrastructure				
Labour, Skills and Conditions				
Regional Tourism Infrastructure				
Short-Term Rentals				
Visitor Transportation				

NEXT STEPS



NEXT STEPS

The list of Action Items included in this report, associated with the scenario risks and opportunities, should be a key input into Tourism Vancouver's Strategic Planning process, and should serve to highlight many of the areas to be addressed in the new Strategic Plan. However, please note that by their nature and design, they are not a comprehensive list of issues to be considered by the Strategic Plan, but should play a major role in articulating Tourism Vancouver's list of future-related issues for action.

Also, in many cases, the Action Items included in this report can be undertaken by Tourism Vancouver, while others need to be shared with stakeholder partners or provincial, city and neighbouring community agencies and organizations who need to understand how their engagement and cooperation can serve to enhance the Greater Vancouver Region as a destination, increase the region's economic development opportunities and enhance the quality of life for residents. Sharing this report and its Action Items with Vancouver's public and private sector tourism stakeholders and opening lines of communications and discussion will be the first step in this process.

Of course, Tourism Vancouver will play a disproportionate role in working to implement, direct and manage the Action Items that have been articulated in this report, but as the leading tourism organization in the region, it has a major responsibility to do just that.

In moving this process forward, it is envisioned that Next Steps will include, but are not limited to:

- Presentation and communication of Tourism 2030 by Tourism Vancouver to regional stakeholders
- Solicitation, collection, review and analysis of regional stakeholder feedback, and adjustment to Tourism 2030 Action Items as necessary and appropriate
- Engagement with specific stakeholders to discuss and share Tourism 2030 Action Items
- Agreement with specific stakeholders to work cooperatively to implement Action Items
- Articulation and agreement of cooperative stakeholder implementation initiatives
- Inclusion of Tourism 2030 Action Items into Tourism Vancouver's Strategic Planning process:
 - a. Identification of organizational responsibilities and authorities
 - b. Identification of activities and work plans for implementation
 - c. Identification of resources necessary for implementation (financial, human resource, organizational)
 - d. Identification of time table for implementation
 - e. Identification of Key Performance Indices (KPIs) necessary to monitor and assess performance
 - f. Direction, management and monitoring of implementation initiatives

XXX RESONANCE

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