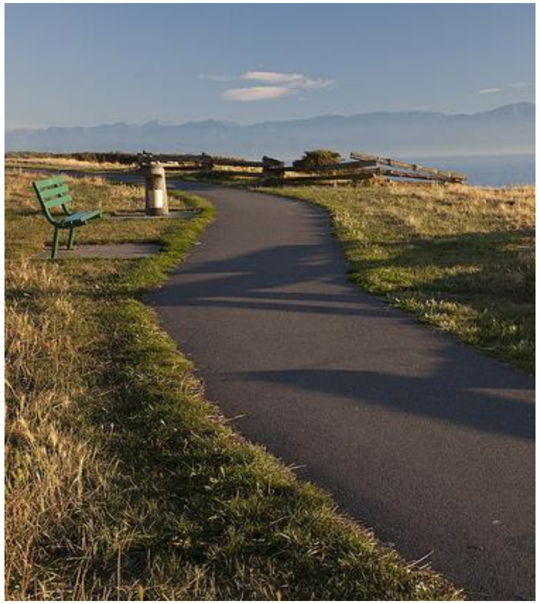
TOURISM VICTORIA

Destination Spotlight

Research Report
Quarter Two

lux insights



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Overview

Welcome to Quarter Two of the Tourism Victoria Destination Spotlight research report.

For the first time, we are able to represent where visitors to Victoria are travelling from, both domestically and internationally. There is no surprise that Canadian travellers to Victoria are predominantly coming from Vancouver followed by the cities of Abbotsford and Calgary. U.S. visitors are coming from Washington State followed by California and then Oregon. Outside the U.S., the majority of international visitors are coming from the UK and Australia.

In this second quarter, we are seeing that the Canadian dollar is ending its run of strength. The economies in Vancouver, Edmonton and Calgary remain relatively stable, but spending in each city is being curbed. The flooding in Alberta had great impact on Calgary's economy, but it is expected to bounce back quickly. The Province of Alberta is considering implementing a new HST model to help increase revenues and reduce income tax rates to the lowest in Canada, which would make Alberta an even stronger competitor for B.C.

Moving south across the border, we are seeing that Seattle's economy is gaining strength as bankruptcy and unemployment rates decline. A key movement in Victoria's secondary markets is the legalization of gay marriage in California, expected to generate millions in tax revenues for the state. Internationally, foreign service strikes in major outbound tourism centres (including, China, India and Mexico) are making it more difficult for travellers to obtain visas to visit Canada.

Quarter two heralds good news for hotel occupancy with a large jump recorded in June, up 6% over the same month last year. Average Room Rate and Revenue Per Available Room also increased for all hotel tiers and locations. In June, rate was up by an average of eleven dollars over June 2012. The Victoria International Airport recorded the busiest June on record, breaking the previous record from 2008. Group travel was also significantly up this quarter with the increase primarily attributed to Tour & Travel bookings.

Continuing to use the Canadian Tourism Commission's Explorer Quotient (EQ), we delve deeper this quarter into understanding Tourism Victoria's two key traveller types – the Free Spirit and the Cultural Explorer. The Free Spirit tends to be slightly younger than the Cultural Explorer and has a slightly higher income. An impressive 81% of both traveller types hold passports and the most appealing activity to these visitors is marine life viewing.

The total number of visitors to Tourism Victoria's website is up 18% over quarter one. Based on social media data and analysis, we are seeing that the experience visitors to Victoria are having continues to be generally positive. This quarter, visitors are talking most about the City of Victoria itself, the Parliament Buildings and The Fairmont Empress. Victoria has been rated as the seventh most popular destination in Canada on TripAdvisor for 2013, down from fifth in 2012.

The Tourism Victoria Destination Spotlight research report is written and compiled by Lux Insights. To learn more about Lux, visit www.luxinsights.com.

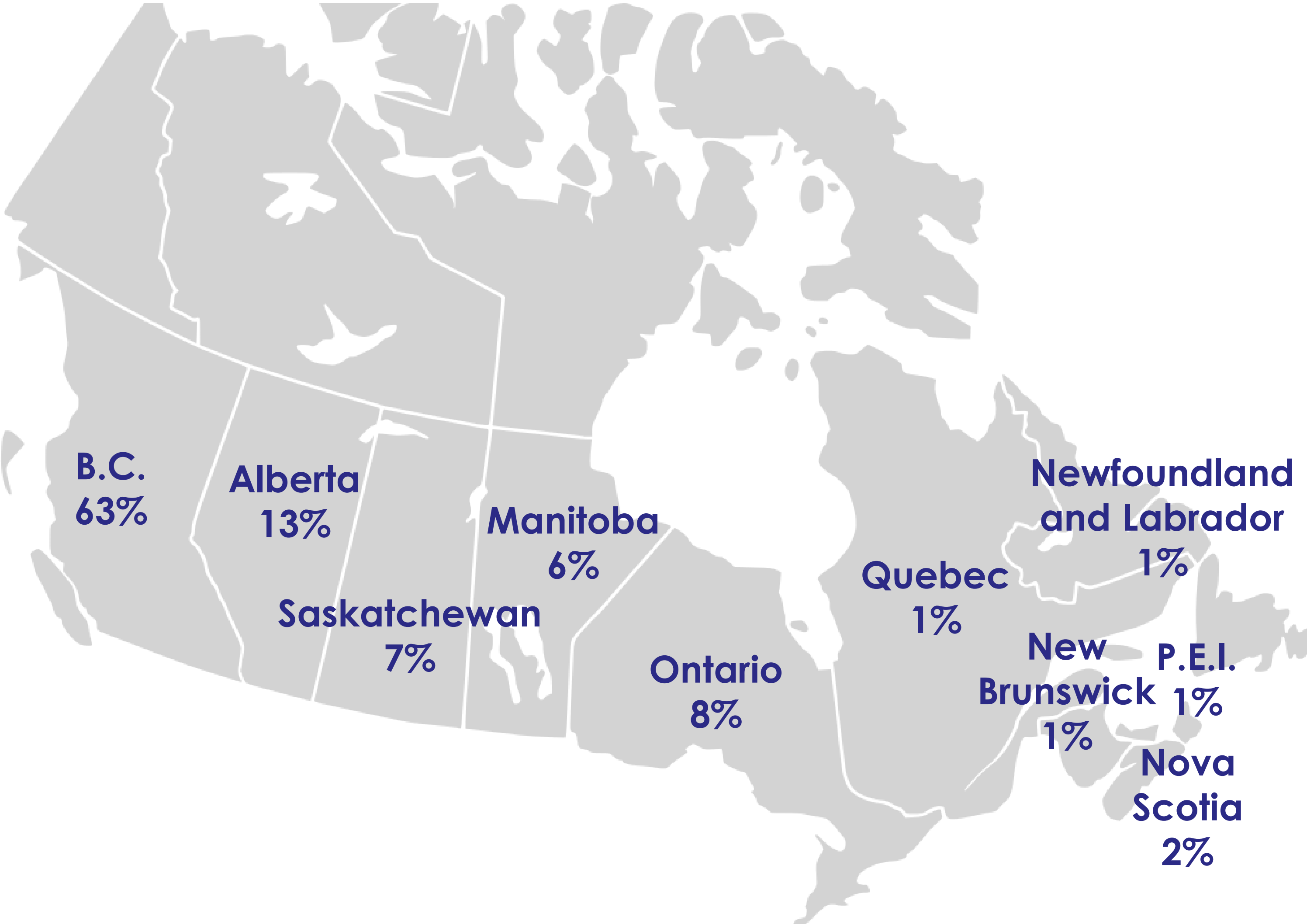
Visitor Arrivals to Victoria –
Geographic Origin of Canadian Visitors

Visitors by Canadian City – Top 10

1. Vancouver (15%)
2. Abbotsford (4%)
3. Calgary (4%)
4. Winnipeg (3%)
5. Regina (3%)
6. Edmonton(2%)
7. Toronto (2%)
8. Ottawa-Gatineau (2%)
9. Saskatoon (2%)
10. Halifax (1%)

All other areas (55%)

Top 10 cities include Census Metropolitan Areas (CMA) only. Those living in suburbs or non-CMA areas included in category "All other areas."



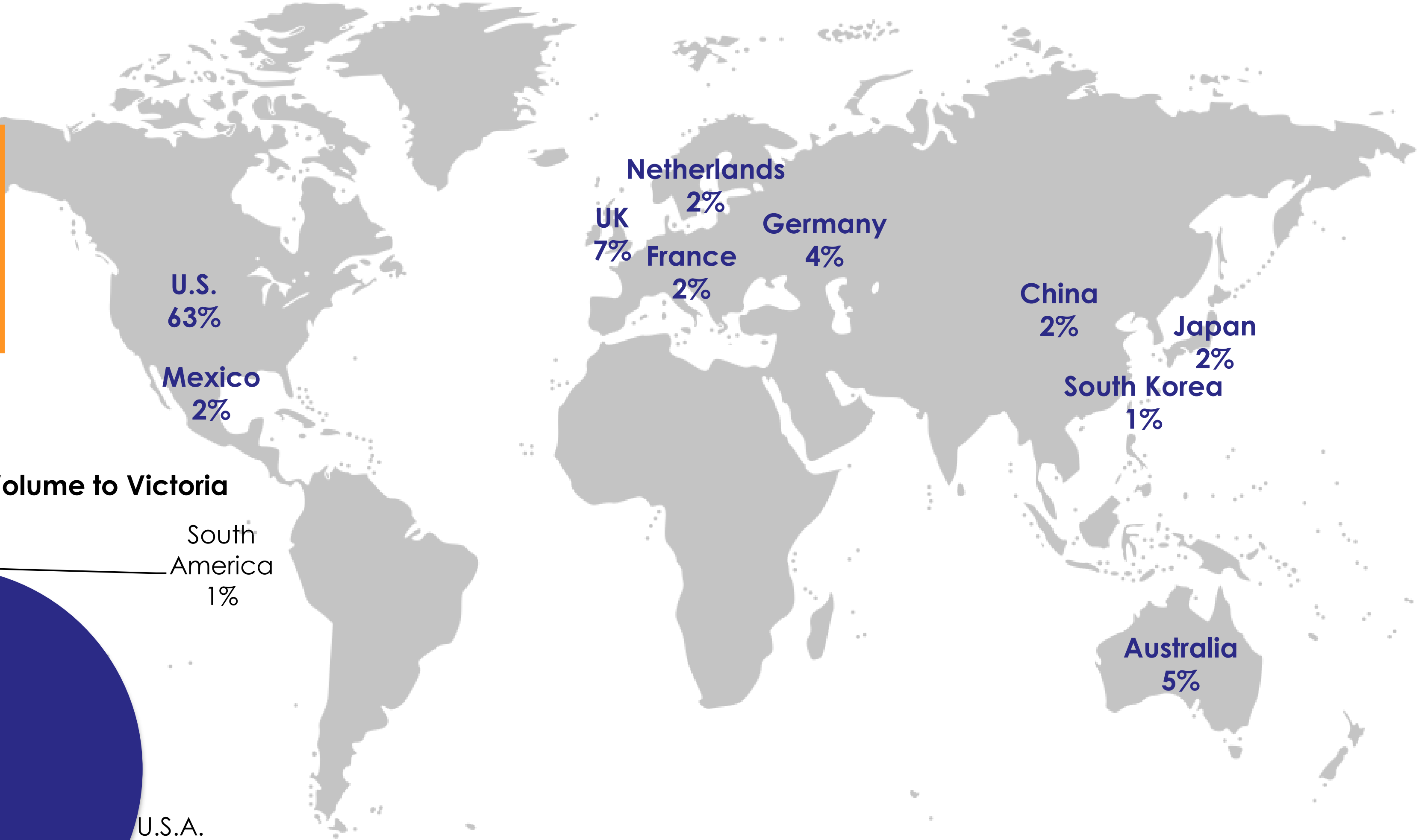
Note: Visitors only. Numbers based on sample data as per Stats Canada, but does not include census data, or total number of visitors to Canada. As such, proportions only are represented. Does not include residents of Victoria re-entering Victoria. 2011 data available only as per Stats Canada's most recent Domestic Traveller Survey. Source: Stats Canada Domestic Traveller Survey, 2011

Visitor Arrivals to Victoria –

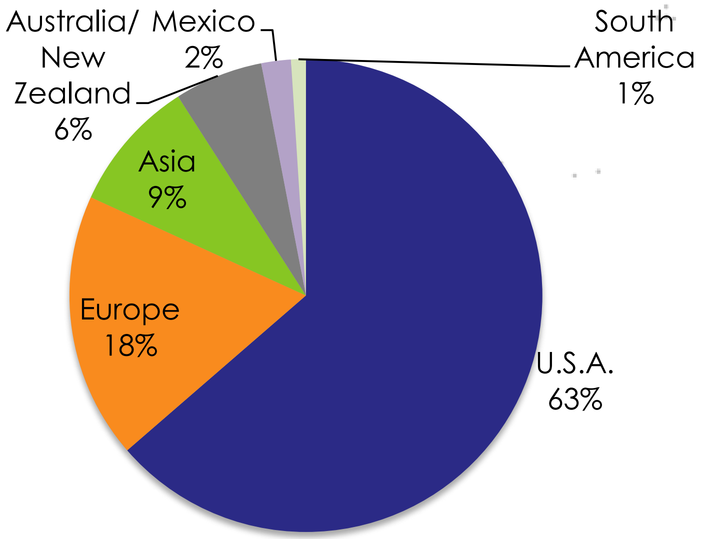
Geographic Origin of International Visitors

Visitors by U.S. State – Top 5

1. Washington (32%)
2. California (16%)
3. Oregon (6%)
4. Arizona (4%)
5. Texas (3%)



International Visitor Volume to Victoria



Note: Overnight visitors only. Numbers based on sample data as per Stats Canada, but does not include census data, or total number of visitors to Canada. As such, proportions only are represented. Does not include residents of Victoria re-entering Victoria. 2012 data available only as per Stats Canada's most recent International Traveller Survey. Source: Stats Canada International Traveller Survey, 2012

Key Market Intelligence – Primary Markets

Vancouver's housing market remains slow in Q2 despite housing cost decreases.

- The Canadian dollar is forecast to end its long run of strength. It is projected that the Canadian dollar will fall to 92 cents (U.S.) by the end of 2013, and to 86 cents by the end of 2014. This may positively influence domestic and inbound international tourism.
- Overall consumer price indexes for Q2 are relatively stable, although declining. Compared to 2012, the consumer price index has decreased by 0.8% in April 2013 and 0.4% in May 2013.
- The unemployment rate remains relatively stagnant, with a slight increase in April and May 2013, hovering around a 0.35% increase compared with last year.
- The housing market is still relatively slow. Vancouverites are hesitant to make major purchase decisions. The average cost per home has decreased by an average of 1.3% to 5.2%. In May 2013, the price of attached homes decreased by 13.1%.
- In terms of travel, the Vancouver International Airport's domestic passenger volume increased by 1% to 2.7% for the month of April and May 2013 compared to last year's figures. International passenger volume trended downwards by 1% to 1.5% for April and May 2013.

Seattle's economy is showing strength as bankruptcy and unemployment rates decrease.

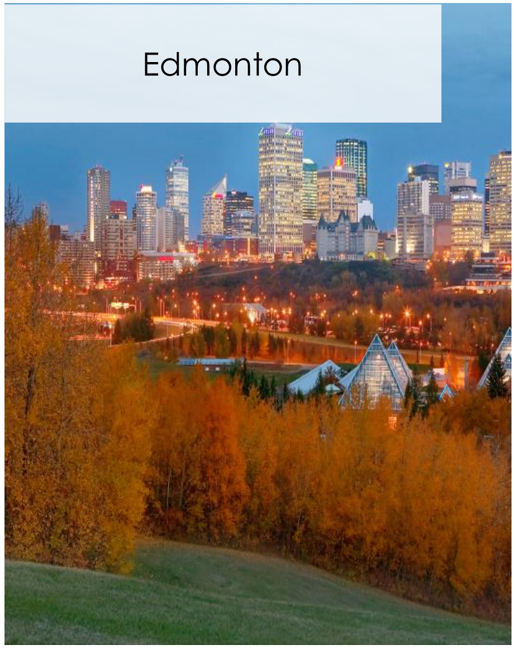
- In April 2013, the consumer price index (CPI) increased by 0.4% since February and March. Over the last 12 months, the CPI advanced 1.2%.
- The economy is showing signs of recovery as bankruptcy declines. Compared to 2012's monthly figures, bankruptcy decreased by 5.4% in April 2013 and 12.6% in May 2013. For all of 2013 so far, bankruptcy has declined by 11%.
- Economic recovery is also reflected in the declining unemployment rate. For the months of April and May 2013, the unemployment rate was at 5.2%, a decline of 1.8% compared with last year's monthly figures.
- Furthermore, Silicon Valley Bank recently ranked Washington State as runner-up with the most start-up jobs, behind Texas.
- Consumer confidence is also reflected in housing prices, with an increase of 3% in the month of May, leading to a total increase of 10.6% for the year.
- Domestic passenger volume increased by 2.9% and international passenger volume increased by 4.7% in April 2013 compared to April 2012.
- Seattle Convention Centre attendance was up 7.6% in May 2013 compared to May 2012.

Source: Stats Canada Consumer Price Index, 2013; Metro Vancouver Monthly Regional Development Indicators, 2013; YVR Statistics, 2013; The Globe and Mail, May 9, 2013 and June 26, 2013; Bureau of Labour Statistics, 2013; US Bankruptcy Court, 2013; Silicon Valley Bank, 2013; S&P Home Price Indices, 2013; Port of Seattle Airport Statistics, 2013; Consumer Price Index, Seattle Area, 2013; Seattle Times Economic Indicators, 2013

Key Market Intelligence – Primary Markets

Flooding in Calgary is impacting the economy negatively, but quick recovery is expected.

- With the recent flooding, disruptions were estimated to cost roughly between $500 million and $1.5 billion in economic activity in June 2013.
- As recovery proceeds, the economy is expected to bounce back strongly beginning in July. This is somewhat dependent on the Calgary Stampede, which has a positive economic impact in the range of $340 million.
- Overall, economic activity in Calgary will slow in the short term, but will be somewhat offset in the latter half of 2013 with the boost in spending to rebuild the city's infrastructure.
- Between the month of April and May 2013, the unemployment rate increased by 0.2%. This unemployment rate is expected to decrease due to a surge in hiring within the construction sector as Calgary's infrastructure is rebuilt.
- Calgary's tight rental market will become even more limited as residents relocate due to the flooding. As a result, monthly rental rates are likely to jump this quarter.
- Passenger volume to Calgary International Airport increased in domestic passengers by 5% in April and May 2013. International passengers declined by 8.7% in April 2013, but picked up again by 2.5% in May.

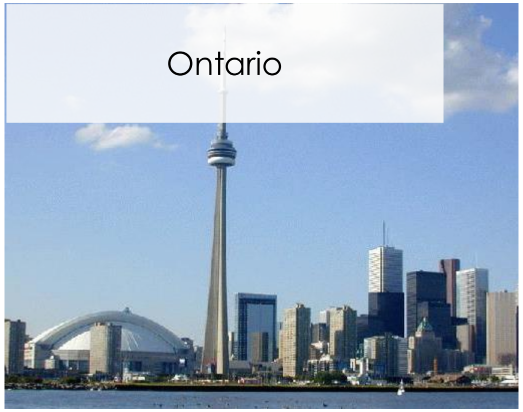


Edmonton's economy appears to be stable, despite flooding in Alberta.

- The consumer price index remains stagnant with a 0.5% increase from April to May. Compared to last year's figures, CPI has increased by 2.1%.
- The Province of Alberta is considering an HST model to help increase revenues. Three options are being reviewed: introducing HST while lowering income taxes; introducing HST on top of existing taxes; or abandoning the idea of an additional tax and focusing on lowering spending. Should Alberta choose option one, it would have the lowest income tax rate in Canada, making it an even stronger investment competitor for B.C.
- In April and May 2013, the unemployment rate sat at around 4.5%, a decline of 0.3% compared to last year's figures.
- Housing prices in the Edmonton Metropolitan Area showed slow, steady increases with all-residential prices increasing by 0.8% from May 2013.
- The average days-on-market for all residential property was up to 47 days in June from 45 days in May. In June, the sales-to-listing ratio increased by 10% compared to May. This is a reflection of buyers looking at higher priced properties and studying the market before making an offer.
- Overall, arrivals to the Edmonton International Airport have grown by 3.7% in Q2, compared to Q2 2012.

Source: TD Economics, June 26, 2013; Calgary Herald, June 26, 2013; CBC News, June 25, 2013; Stats Canada Consumer Price Index, 2013; Stats Canada Labour Force Characteristics, 2013; Calgary Regional Housing Market Statistics, 2013; YYC Passenger Statistics, 2013; Edmonton Census Metropolitan Area, 2013; Edmonton Journal, June 26, 2013; EREB, 2013; FlyEIA.com, 2013; Victoria Chamber of Commerce 2013

Key Market Intelligence – Secondary Markets



Ontario's economy is showing slight improvement in Q2 2013 compared to Q2 2012.

- The consumer price index for the month of April and May showed an increase of around 0.5% compared to last year's figures.
- The unemployment rate sits at 7.3% for the month of May, a decrease of 0.5% from the previous year.
- Overall, consumer confidence is improving in Ontario at 77.3% in terms of optimism around the job market.
- Ontarians are more likely than residents of any other province to take vacation for five or more nights within Canada over the next 12 months.
- However for 2013 year-to-date, Ontario passengers decreased by 2.4 % in arrivals to the Vancouver International Airport for the year.

Supreme Court's gay marriage ruling set to inject millions of dollars into California's economy.

- This quarter, the Supreme Court of California made it legal for gay couples to get married in the state, and from this, it is estimated that the state of California will gain $46 million in tax and fee revenue alone. With further economic contributions over the next three years, the ruling is expected to inject $492 million into the state's economy.
- For the month of April 2013, the unemployment rate sits at 9%, a decrease of 1.7% compared to last year's monthly figures.
- California has been consistently one of the top 10 U.S. states for employment growth, and is forecast to lead measured growth in the U.S. national economy.
- Domestic tourism is expected to increase by 2% in 2013, and international tourism is expected to increase by 4.6% to 5.4% in 2013.

Oregon's economy is showing slow growth this quarter.

- For the month of April and May, the unemployment rate sits around 8%, a decrease of 1% compared to last year's figures, similar to Q1 2013 results.
- Within Oregon, economic activities are slow and predicted for a slow pace of growth in the future, due to the effects of higher gas prices and the impact of Europe's debt crisis on the U.S. economy as a whole.
- The population is forecasted to grow at a rate of 1% between 2010 and 2020. This slow population growth is influencing the state's overall economic condition.
- At Portland International Airport, passenger arrivals increased by 5% in April 2013 as compared to April 2012.

Source: Stats Canada Economic Indicators, 2013; Global News, 2013; Deloitte Navigate, 2013; Tourism Vancouver, 2013; Bureau of Labor Statistics, 2013; SCPR, June 26, 2013; UCLA Forecast, 2013; Oregon State, 2013; California Travel and Tourism Outlook, Tourism Economics, 2013; Oregon Travel Barometer, 2013; Oregon Live, 2013

Key Market Intelligence – International Markets

United Kingdom

UK outbound travel to B.C. has hit a rough patch, but is expected to grow slightly in 2013.

- UK outbound long-haul travel peaked in 2008, and has been in decline since.
- The recession and Eurozone crisis, as well as the loss of low-cost air carriers and non-stop seat capacity, have been the biggest factors.
- Competition from other destinations (including the U.S.) and Canada's affordability are barriers to travel as the Canadian dollar remains strong compared to the pound sterling (GBP). Opportunity exists to attract travellers to visit both the U.S. and Canada.
- UK visitors still consider Canada a top destination to visit and with an increase in consumer spending expected, a slight rise in visitor volume is forecast for 2013.
- The GDP is expected to grow 1.2% in 2013 and 2.1% in 2014 with unemployment and the GBP expected to hold and inflation falling slightly.
- The majority of UK visitors are aged 55+ and are travelling for leisure in the summer, but they have a stronger appetite for Canadian experiences in shoulder seasons compared to other key European markets.
- UK visitors are interested in seeing main attractions and have experiences they cannot find at home, particularly wildlife watching. They are also interested in history and culture.
- The use of social networks continues to grow with Facebook being the top choice amongst target UK travellers, but nearly half of recent UK visitors to Canada consulted with a travel agent, so the continued importance of the travel trade is key.

Germany

Over the past 10 years, German long-haul travel overall has increased, and travel to B.C. has remained steady.

- While travel to B.C. is consistent, it is expected there will be a 2% increase in 2013. Nonstop scheduled seat capacity will remain stable through 2013.
- Lufthansa Airlines introduced a new, daily route between Munich and Vancouver in Q2, which will assist in increasing German visitors to B.C.
- Germany's economy slowed during 2012, but is expected to recover in 2014. Right now, German travellers cite affordability as one of the barriers to visiting Canada.
- German long-haul travellers perceive Canada as one of their top destinations to visit, ranking third behind the U.S. and Australia. Again, opportunity exists to attract visitors to both the U.S. and Canada.
- German travellers to B.C. tend to be 35 to 54 years old, and typically visit B.C. for pleasure. They tend to visit in the summer months, and usually travel independently.
- German travellers are looking for unique holiday experiences, and want lots of things to see and do when travelling. They are also interested in history and culture, but it is B.C.'s unspoiled nature that typically attracts them.
- German travellers still rely heavily on travel agents for information or assistance booking their trips to Canada: among recent visitors to Canada, two-thirds consulted with a travel agent before arrival.
- However, German travellers are using social media more and more, with Facebook and YouTube topping the list.

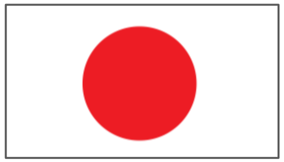
Source: Canadian Tourism Commission UK Market Profile, 2013; Canadian Tourism Commission Germany Market Profile, 2013

Key Market Intelligence – International Markets

Australia

Australian travel to B.C. has continued to steadily increase.

- Australian outbound long-haul travel to destinations world-wide has more than doubled since 2002. Growth to B.C. has been strong with a 64% increase over the last decade.
- Barriers to greater growth are partly due to the fact that nonstop air service between Canada and Australia has remained almost unchanged during this period, limiting seat capacity between Australia and Canada. As such, Australians tend to enter Canada via the U.S., with nearly half of these travellers opting to visit the U.S. before coming to Canada.
- Australians consider Canada a top travel destination and typically visit B.C. when travelling here for the first time. Australians travelling on return visits to Canada are increasingly visiting the East Coast.
- Australia's economy is healthy, and a 3.6% GDP growth is expected for 2014. However, the Australian economy is expected to slow during 2013 as demand for Australian exports lessens.
- Australians enjoy cruising, with the majority opting for the South Pacific, but in 2011 there was a 20% growth in Australians taking Alaskan cruises, providing pre/post opportunity for Victoria.
- Australian travellers tend to be 55+ and visit B.C. for pleasure. They are most likely to visit B.C. during the Australian winter, or Canadian spring and summer months.
- They tend to travel independently, and book their trips with a travel agent. They enjoy history and culture, and like to experience a destination's natural beauty.



Japan

Japanese travel to B.C. has fallen, but is expected to rebound gradually.

- Japanese outbound travel volume has remained unchanged over the past 10 years, but a key shift has occurred between long-haul and short-haul travel. Since 2002, Japanese short-haul travel has increased by 20%, while long-haul travel has decreased by 11%.
- As such, Japanese overnight arrivals to Canada decreased by 50% between 2002 and 2010.
- Japan's economy is also expected to slow to 0.4% in 2013, after expanding 1.9% in 2012, as demand for Japanese exports lessens, and as Chinese consumers boycott Japanese exports due to a dispute over the Diaoyu Islands. The yen is expected to depreciate over the next few years.
- It is not all bad news, however. It is estimated there was a 9% increase in Japanese travellers to Canada in 2012, and another 3% increase is expected in 2013.
- B.C. and Canada place in the top five destinations to visit amongst Japanese travellers, and more than half of Japanese travellers consider B.C. to offer good value for money. However, only 20% say B.C. is affordable to get to by air. The U.S. tends to offer more competitive airfare rates. Opportunity exists to leverage the new air lift launched in 2013 from Asia to the Seattle-Tacoma International Airport, and Air Canada continues to offer an inclusive, common-rated fare for Victoria, making it easier for Japanese travellers to fly straight into Victoria after their transpacific flight.
- Japanese travellers to B.C. tend to be 55+, but the "Shugaku Ryoko" school group market is growing, especially for Victoria, with major Japanese receptive tour operators adding divisions dedicated to this segment.
- They tend to visit B.C. during the summer months and enjoy seeing historical and cultural attractions, and like unique experiences and a sense of freedom. They use a mix of traditional and online media to book their trips.

Source: Canadian Tourism Commission Australia Market Profile, 2013; Destination BC Australia Market Profile, 2012; Canadian Tourism Commission Japan Market Profile, 2013

Key Market Intelligence – International Markets

South Korea

South Korean visitor volume to B.C. is still below pre-recession levels.

- South Korean long-haul outbound travel increased by about 85% from 2002 to 2011, and quickly rebounded following the 2009 recession. However, travel to Canada has yet to see the same increase as have other destinations beyond northeast Asia.
- While South Korea's economy slowed during 2012, it is expected to get back on track in 2013 as unemployment decreases and consumer spending increases.
- It is expected that South Korean visitors to B.C. will decline by about 1.5% in 2013 from 2012, as applications for student visas are down by 15%.
- While non-stop seat capacity to Canada is expected to increase by 11%, major Canadian and South Korean airlines are shifting seat capacity from Vancouver to Toronto, indicating that B.C. will expect to see less South Korean visitors as they will be entering through Ontario instead. In 2011, 70% of South Korean visitors travelled to western Canada.
- Barriers to travel for B.C. and Canada include competition (particularly the U.S., Switzerland, France and Australia) and perceptions that B.C. and Canada do not offer good value for money.
- South Korean travellers tend to be between the ages of 18-34 (41%) and 35-54 (37%). They visit B.C. to see friends and relatives, and visit during the spring and summer months.
- When travelling, they are looking for excitement and once-in-a-lifetime experiences with a specific interest in lifestyle and wellness, which primarily translates to culinary and outdoor experiences, particularly walking and hiking.
- They use a combination of traditional and online media to plan their trips, but 41% still book with a travel agent. South Koreans prefer to travel independently.
- On a regular basis, they use social media platforms such as Facebook, Cyberworld, YouTube and Twitter.

China

With Approved Destination Status granted to Canada, Chinese travel to B.C. has grown exponentially.

- Despite being one of the last countries amongst key competitor destinations to be granted Approved Destination Status (ADS), Chinese travel to Canada has grown by 150% since 2011. While much of this growth was driven by students, or family and friends visiting students in Canada, many leisure and business trips were taken.
- However, a key challenge for Chinese visitors to Canada remains in the lengthy visitor visa application process, something that many Chinese tour operators recognize as a deterrent, and opt to sell tours to other, easier to visit long-haul destinations. As of this quarter, a strike by Foreign Service Officers is causing backlogs for tourist visa applications of up to six weeks, which could in turn cause Chinese travellers to choose alternative destinations. The backlog is growing at 5%-20% a week in some centres.
- Regardless of visa challenges, it is expected that Chinese overnight visitors to B.C. and Canada will increase by 20% in 2013, and non-stop seat capacity is expected to increase by 22%. Over half of the seat inventory will operate into Vancouver.
- China's economy continues to grow in 2013, while unemployment and inflation will remain stable.
- While Canada and B.C.'s key competitors include the UK, U.S., Australia and France, B.C. and Canada remain on track for higher growth rate in arrivals over the next two years.
- On October 1, 2013, the Chinese Government will introduce legislation that will positively affect outbound ADS tour groups. Both commission shopping and the selling of activity and attraction options once the group has left China will be prohibited. It is anticipated that this will increase tour group pricing to Australia, New Zealand and the USA and in the short to midterm, Canada will be more competitive. Compared to these long haul competitor destinations, group tours operated in Canada do not include these practices.
- Chinese travellers to B.C. tend to be between the ages of 35-54. They primarily visit in the summer, but also for Chinese New Year. They are interested in culture, history and shopping.
- They tend to book trips with a travel agent and use social media networks such as QQ, Weibo, Youku and Kaixin to find information and share stories.

Source: Canadian Tourism Commission South Korea Market Profile, 2013; Canadian Tourism Commission China Market Profile, 2013; The Globe and Mail, June 18, 2013; CBC News, July 3, 2013

Key Market Intelligence – International Markets

India

Indian visitor volume to B.C. is increasing.

- Travel to B.C. and Canada from the Indian market has been growing steadily with a 25% increase in 2010, 8% in 2011 and 5% in 2012. Another 5% increase is expected in 2013.
- However, non-stop seat capacity is expected to decrease by 26% in 2013, as Air India cancelled service between Amritsar and Toronto due to a pilot strike in 2012. Due to the lack of more direct air service from India to the West coast, B.C. will continue to leverage travel to Canada through hubs in Europe, Asia and the U.S. For example, Jet Airways offers one-stop service to Toronto via Brussels and Emirates Airlines offers one-stop service to Seattle via Dubai.
- India's rupee is depreciating, changing Indian travellers' likelihood to travel abroad. As such, Indian travellers are opting to take more short-haul trips within India or to destinations nearby. Long-haul trips are seeing a decline and budget travel has increased.
- B.C.'s key barriers to travel are perceived lack of affordability and general low awareness. Indian travellers admit to not knowing much about B.C. and Canada as destinations, although they do cite B.C.'s natural beauty as a motivator to visit.
- Another barrier for Indian travellers is the perceived difficulty around obtaining a travel visa for Canada. Again the strike occurring in Canadian embassies and six week wait time might be enough to encourage them to visit elsewhere.
- Indian travellers tend to be 35-54 years old and come to B.C. mostly to visit friends and family, but this is starting to change. They visit during the spring and summer months.
- When travelling, they enjoy adventure, entertainment, nightlife, shopping and culture. The Rocky Mountaineer is particularly popular with Indians and many Indians take Alaskan cruises. Opportunity exists to leverage pre/post visits to Victoria in both cases.
- When planning a trip, Indian travellers use both traditional and online media, but most use a travel agent to book travel.

Mexico

Mexican visitor volume to B.C. is on the rise, but has not regained the level prior to visa implementation.

- Visitor volume to Canada declined severely in 2009 after a travel visa was implemented by the Canadian government, but visitor arrivals are slowly recovering with a 15% year-over-year increase in 2012 and another 6% year-over-year increase expected for 2013.
- B.C. is the most popular destination in Canada for Mexican travellers, with Ontario and Quebec following close behind. It is estimated that 27% of Mexican travellers enter Canada via a flight that connects through the U.S.
- That being said, B.C.'s biggest competitor remains the U.S., as it tends to be easier and more affordable for Mexican travellers to visit the States. Again, with backlogs in the visa application process, Mexican travellers may be compelled to visit elsewhere, including the U.S.
- Mexico's economy is expected to remain stable and strengthen in 2014. Inflation is forecast at 4.1%, 1% above the Bank of Mexico's 3% target. The Mexican peso is expected to appreciate 3% against the Canadian dollar in 2013.
- The Mexican visitor to Canada has changed to a fully independent traveller (FIT) looking for high-end, luxury travel. This is a good fit for B.C. and the experiences we have to offer. As such, overnight revenue from Mexican visitors to Canada was up 13% in 2011.
- Much opportunity exists for B.C. and Canada to attract Mexican travellers as there are 4 million potential long-haul travellers in Mexico, 21% of whom mentioned Canada as a potential destination to visit.
- Mexican travellers tend to be between the ages of 35-54 years, and travel almost equally for business, pleasure, and visiting friends and family.
- They tend to travel mostly in the summer months, although the Mexican ski market is significant. Mexicans enjoy seeing historical attractions and interesting culture, and like to shop, take city trips, partake in family activities and be entertained.
- While brochures and other print mediums play a role in Mexican travellers' trip planning process, more and more Mexican travellers are using online sources to plan their trips. Most use a travel agent to book their trips to B.C.

Source: Canadian Tourism Commission India Market Profile, 2013; Canadian Tourism Commission Mexico Market Profile, 2013; The Globe and Mail, June 18, 2013; Hindustan Times, 2013

Visitor Arrivals to Victoria – Transportation

	Q1 2012	Q1 2013	% Change	Q2 2012	Q2 2013	% Change
BC Ferries Arrivals to Swartz Bay	**490,779**	**505,072**	**2.9%**	**735,429**	**717,117**	**-2.5%**

	Q1 2012	Q1 2013	% Change	Q2 2012	Q2 2013	% Change
Victoria International Airport Arrivals	**344,448**	**346,860**	**0.7%**	**376,038**	**391,203**	**4%**

This Quarter marks record-breaking numbers for the Victoria International Airport. June 2013 has broken all previous June numbers, and is the busiest June ever on record.

136,726 passengers arrived at the Victoria International Airport June 2013, topping the previous June 2008 record of 132,550. June 2013 is also showing a 10% growth over June 2012.

Factors contributing to this growth are use of larger aircraft to transport more travellers, a rebound in transborder traffic and new carrier WestJet Encore.

Source: BC Ferries Passenger Counts 2012-2013; Victoria International Airport 2013

Visitor Arrivals to Victoria – Booking Type

Independent Travellers

Booking Type	Q1 2013	Q2 2013
Independent Travellers Total	**81.0%**	**69.4%**
Leisure	37.2%	36.2%
Long Stay	8.8%	2.0%
Corporate	14.8%	11.2%
Government	11.1%	7.7%
Tour & Travel	9.0%	12.3%

Group Travellers

Booking Type	Q1 2013	Q2 2013
Group Travellers Total	**19.0%**	**30.5%**
Associations	8.3%	11.0%
Corporate	2.6%	4.5%
Government	2.9%	2.3%
Incentive	0.1%	0.4%
Sports Teams	1.9%	1.5%
Tour & Travel	1.1%	8.9%
Other Group	2.3%	1.9%

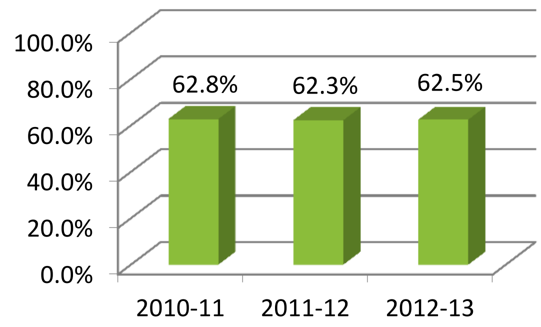
Note: Definitions for each booking type can be found on the Sources page of this report. Source: Victoria Commercial Accommodation Survey, 2013

Victoria Hotel Performance – All Properties

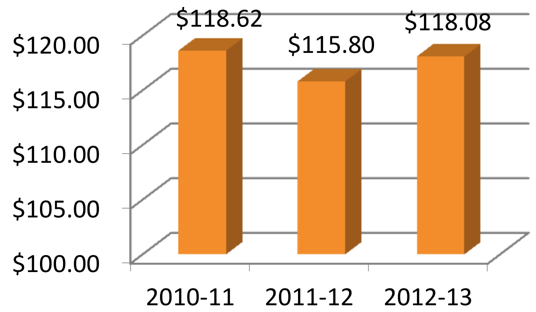
	2012						2013					
Occupancy	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
This year	78.27%	84.46%	75.81%	59.85%	45.31%	43.32%	36.71%	51.78%	59.75%	66.68%	68.76%	79.42%
Last year	80.54%	81.68%	73.88%	61.11%	46.77%	45.17%	40.83%	54.05%	57.48%	63.32%	68.84%	73.42%
% change (yr/yr)	-2.8%	3.4%	2.6%	-2.1%	-3.1%	-4.1%	-10.1%	-4.2%	4.0%	5.3%	-0.1%	8.2%
ARR	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
This year	$145.00	$146.66	$135.58	$109.31	$98.17	$101.00	$93.17	$99.68	$102.11	$108.65	$132.93	$144.69
Last year	$148.18	$149.29	$134.44	$110.59	$97.19	$97.87	$93.08	$96.17	$98.82	$104.82	$125.59	$133.58
% change (yr/yr)	-2.1%	-1.8%	0.8%	-1.2%	1.0%	3.2%	0.1%	3.7%	3.3%	3.7%	5.8%	8.3%
RevPAR	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
This year	$113.49	$123.87	$102.78	$65.41	$44.48	$43.75	$34.20	$51.62	$61.02	$72.44	$91.41	$114.92
Last year	$119.34	$121.93	$99.32	$67.58	$45.46	$44.21	$38.01	$51.98	$56.80	$66.38	$86.45	$98.07
% change (yr/yr)	-4.9%	1.6%	3.5%	-3.2%	-2.1%	-1.0%	-10.0%	-0.7%	7.4%	9.1%	5.7%	17.2%

Definitions: ARR – Average Room Rate; RevPar – Revenue Per Available Room

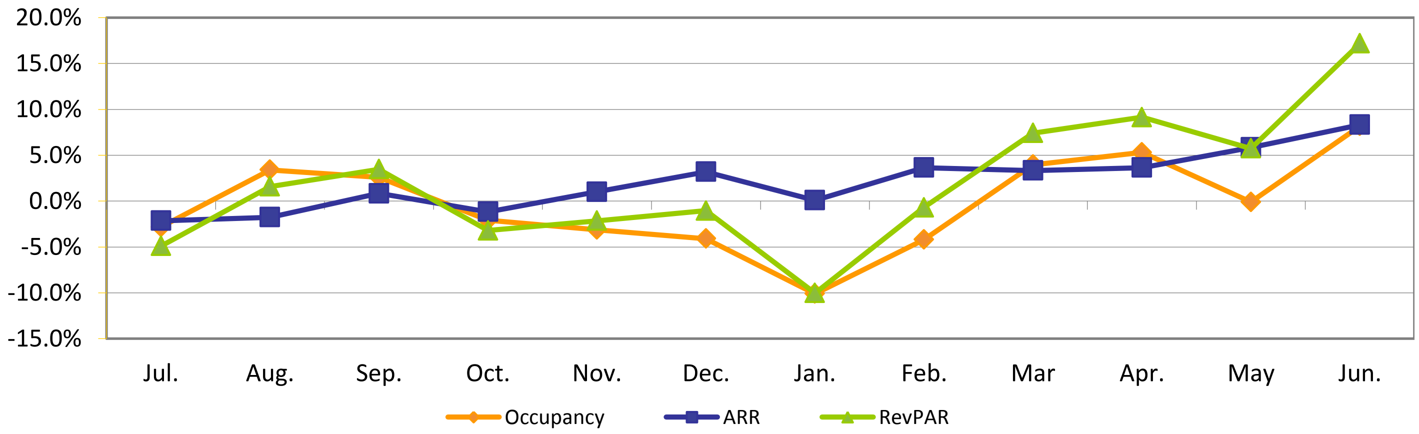
Occupancy Rate - Annual
(Jul. 2012-Jun. 2013)



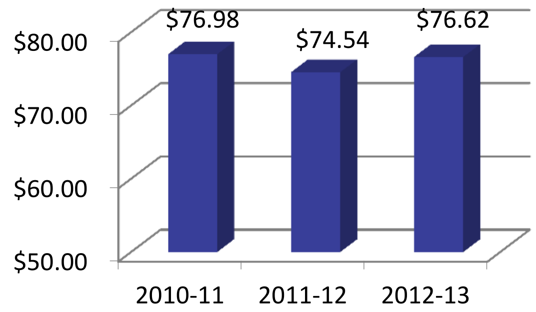
Average Room Rate (ARR) - Annual
(Jul. 2012-Jun. 2013)



Victoria Accommodation Indicators Monthly Percent Change Compared to Previous Year
(Jul. 2012-Jun. 2013)

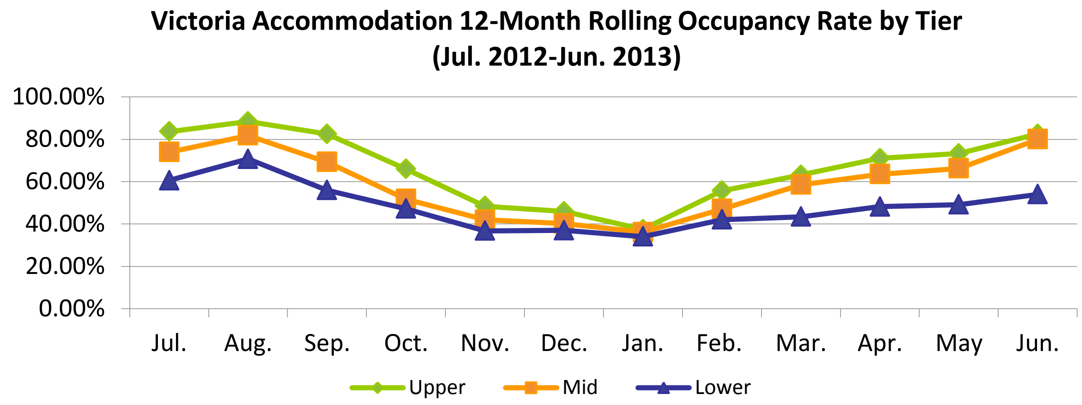


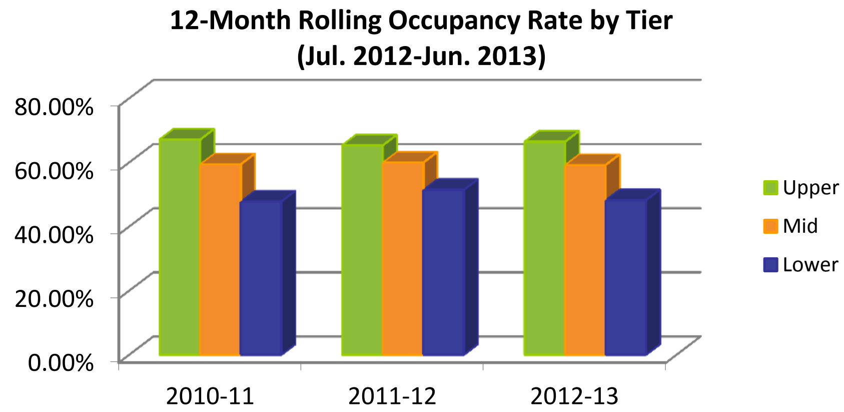
Revenue Per Available Room (RevPar) - Annual
(Jul. 2012-Jun. 2013)

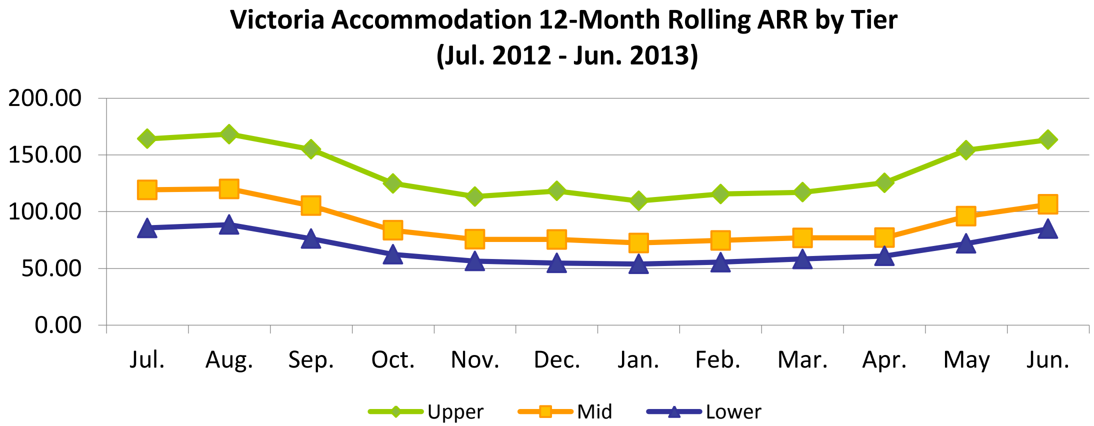


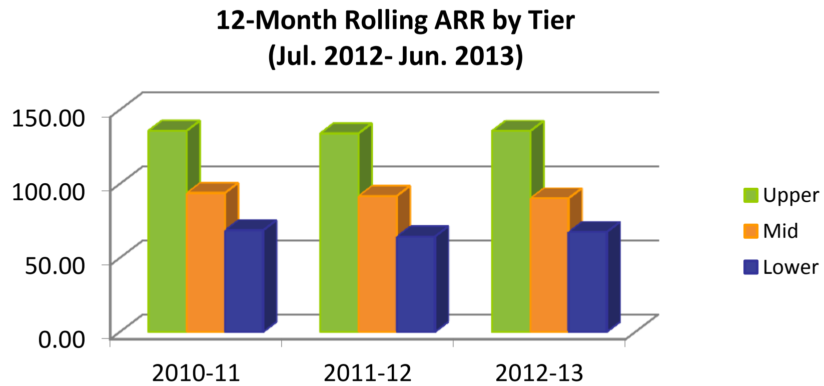
Source: The accommodation statistics and graphs presented on this page were prepared by Chemistry Consulting Group Inc. based on Victoria Tourism Bulletin data. No individual property data has been shared with third parties. Quotations and reproductions of these statistics are permitted with credit to Chemistry Consulting Group.

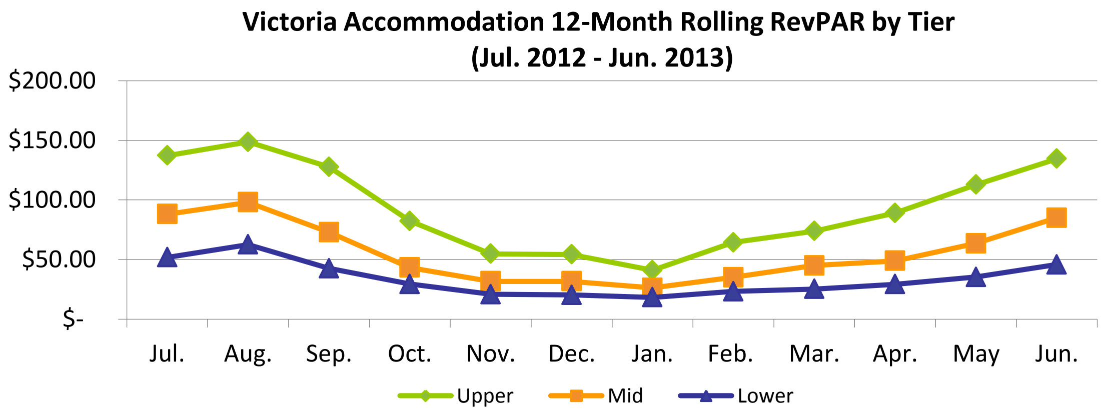
Victoria Hotel Performance – By Tier

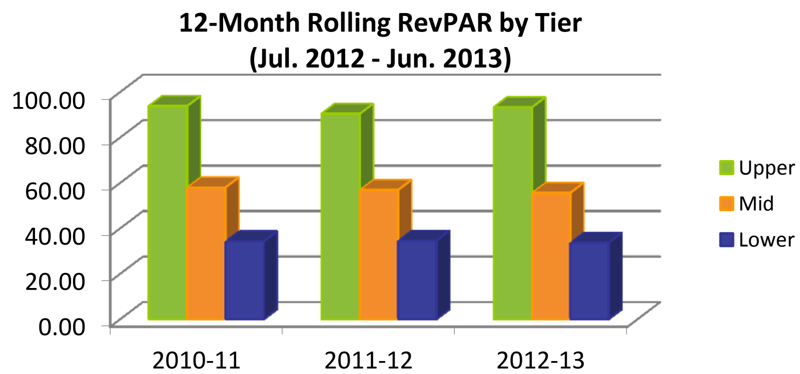












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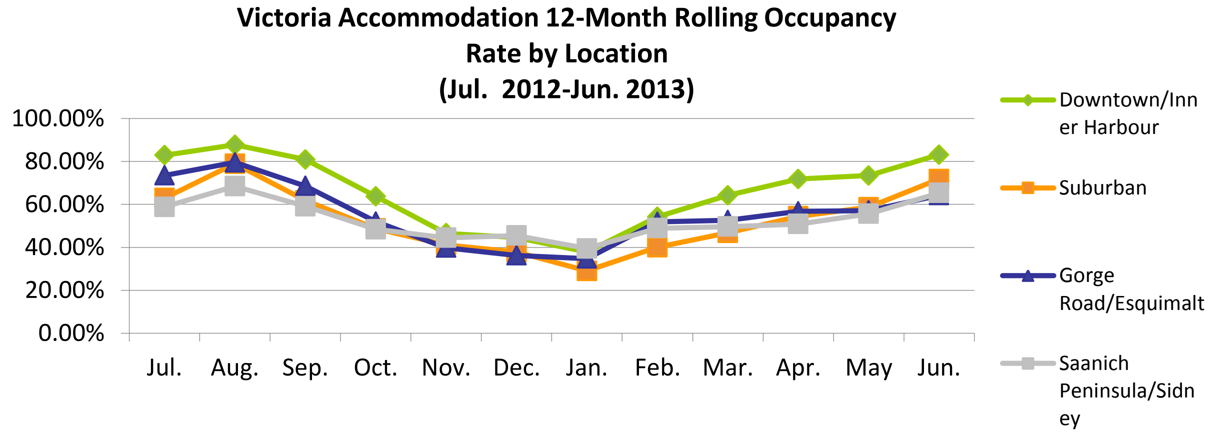
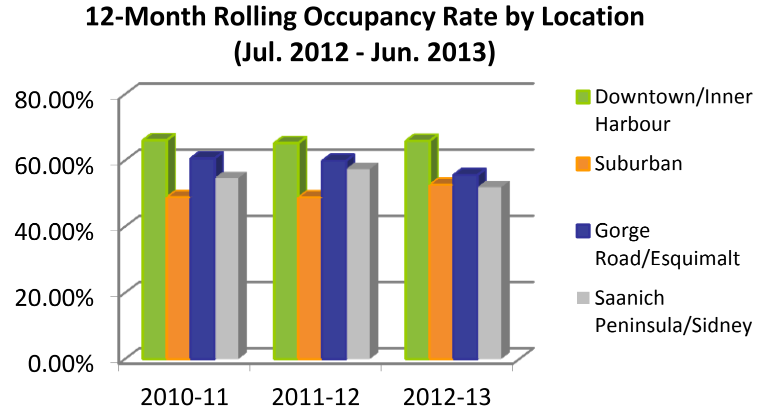
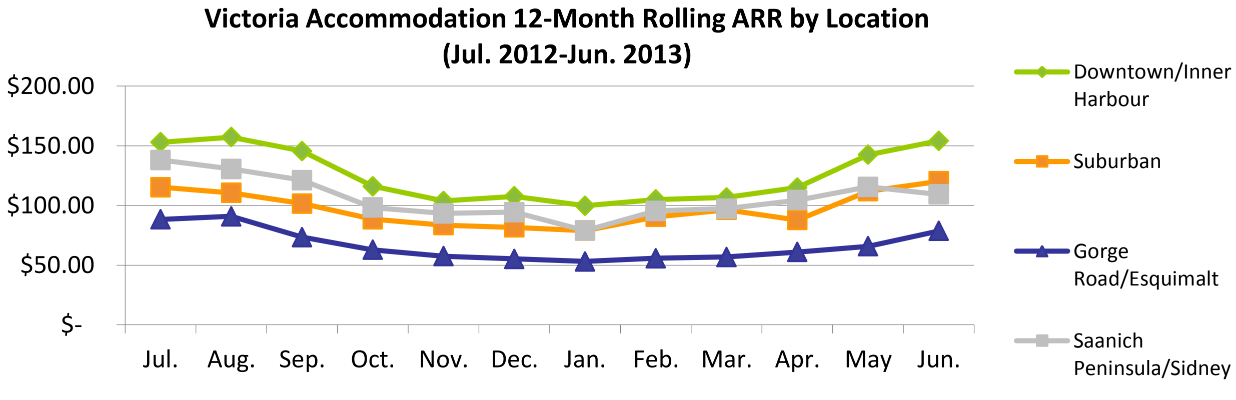
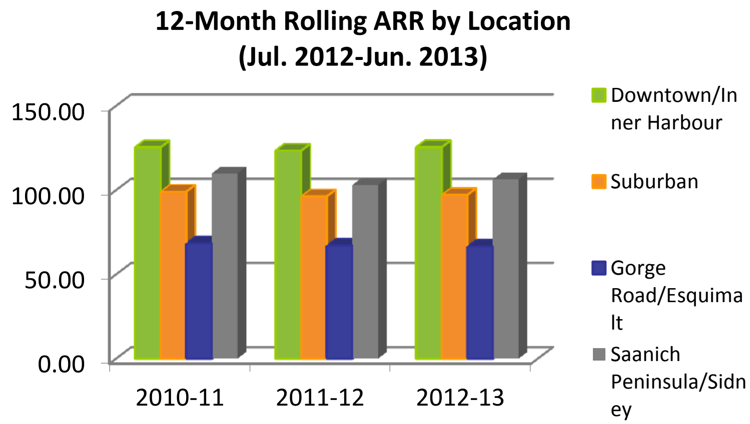
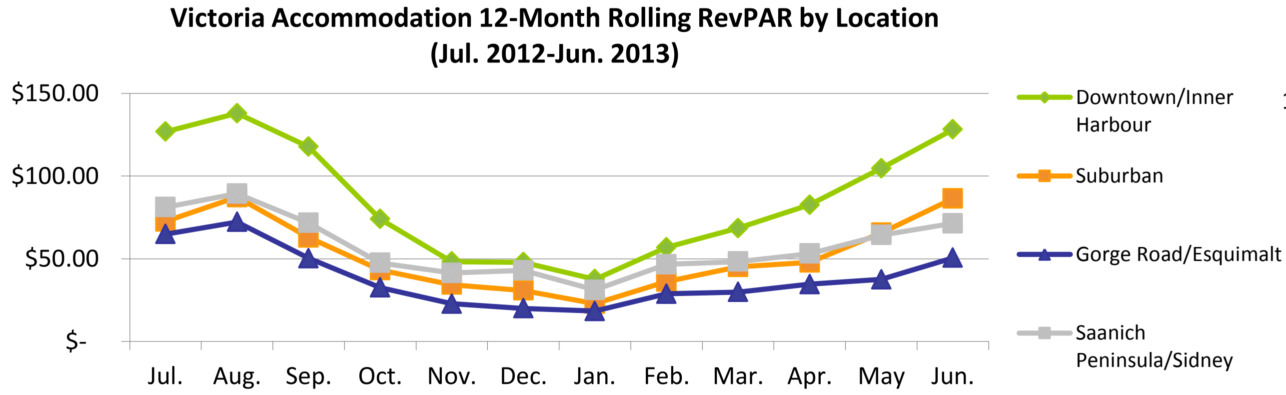
Victoria Hotel Performance – By Location

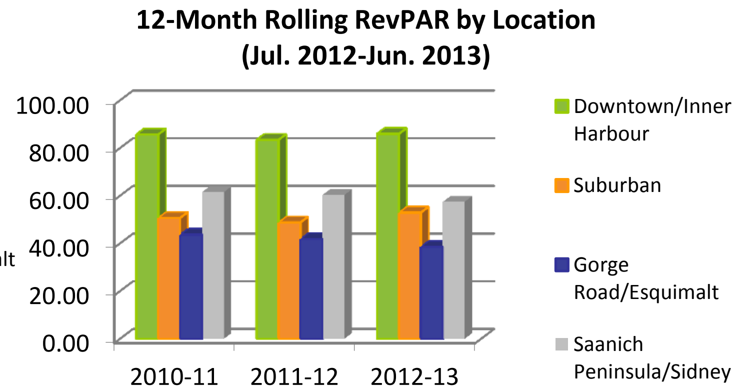












Source: The accommodation statistics and graphs presented on this page were prepared by Chemistry Consulting Group Inc. based on Victoria Tourism Bulletin data. No individual property data has been shared with third parties. Quotations and reproductions of these statistics are permitted with credit to Chemistry Consulting Group.

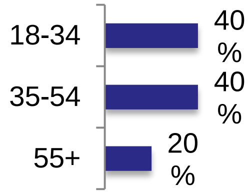
Victoria Traveller Profiles: Who is visiting Victoria?

In Quarter One, we introduced two key traveller types being targeted to visit Victoria: the Free Spirit and the Cultural Explorer. Below is further insight into their demographics and travel preferences.

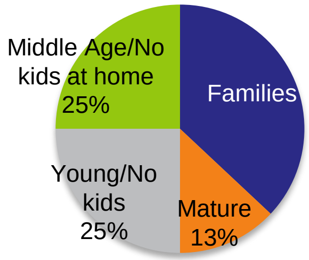
The Free Spirit

Gender

Age

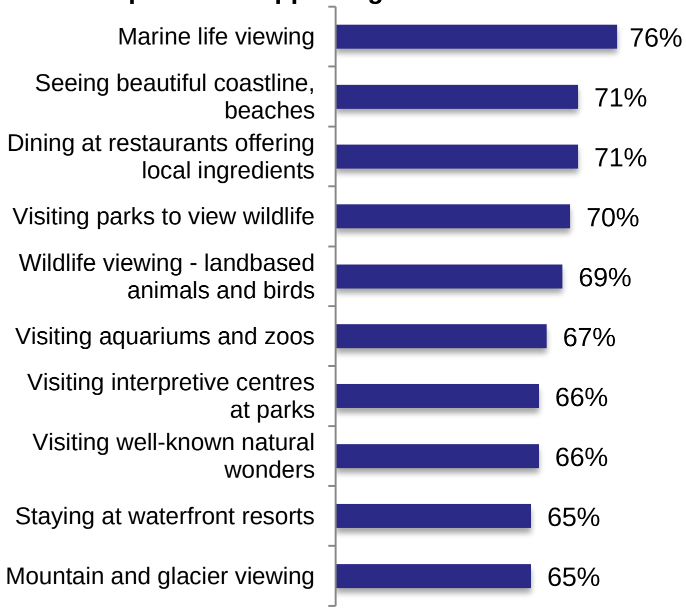


Lifestage



Education: Average
Employment: Full time; above average % are students
Household Income: Higher than average

Top 10 most appealing activities

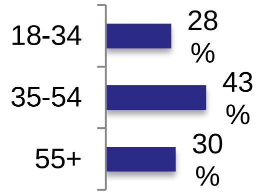


81% have passports

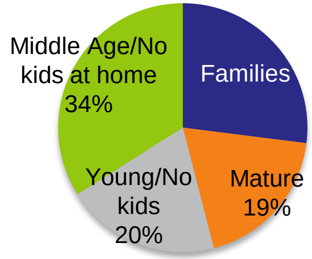
The Cultural Explorer

Gender

Age

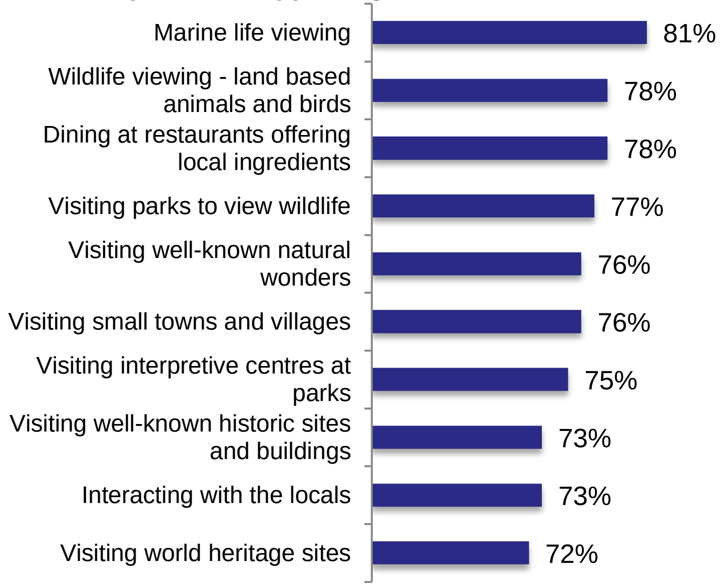


Lifestage



Education: Higher than average
Employment: Full time; lower than average % are retirees
Household Income: Average

Top 10 most appealing activities



81% have passports

Source: Canadian Tourism Commission EQ Profiles 2012

Tourism Victoria Website Statistics

Total Number of Visitors Q1 2013:	Total Number of Visitors Q2 2013:	Percent Change:
271,910	**320,859**	**18%**

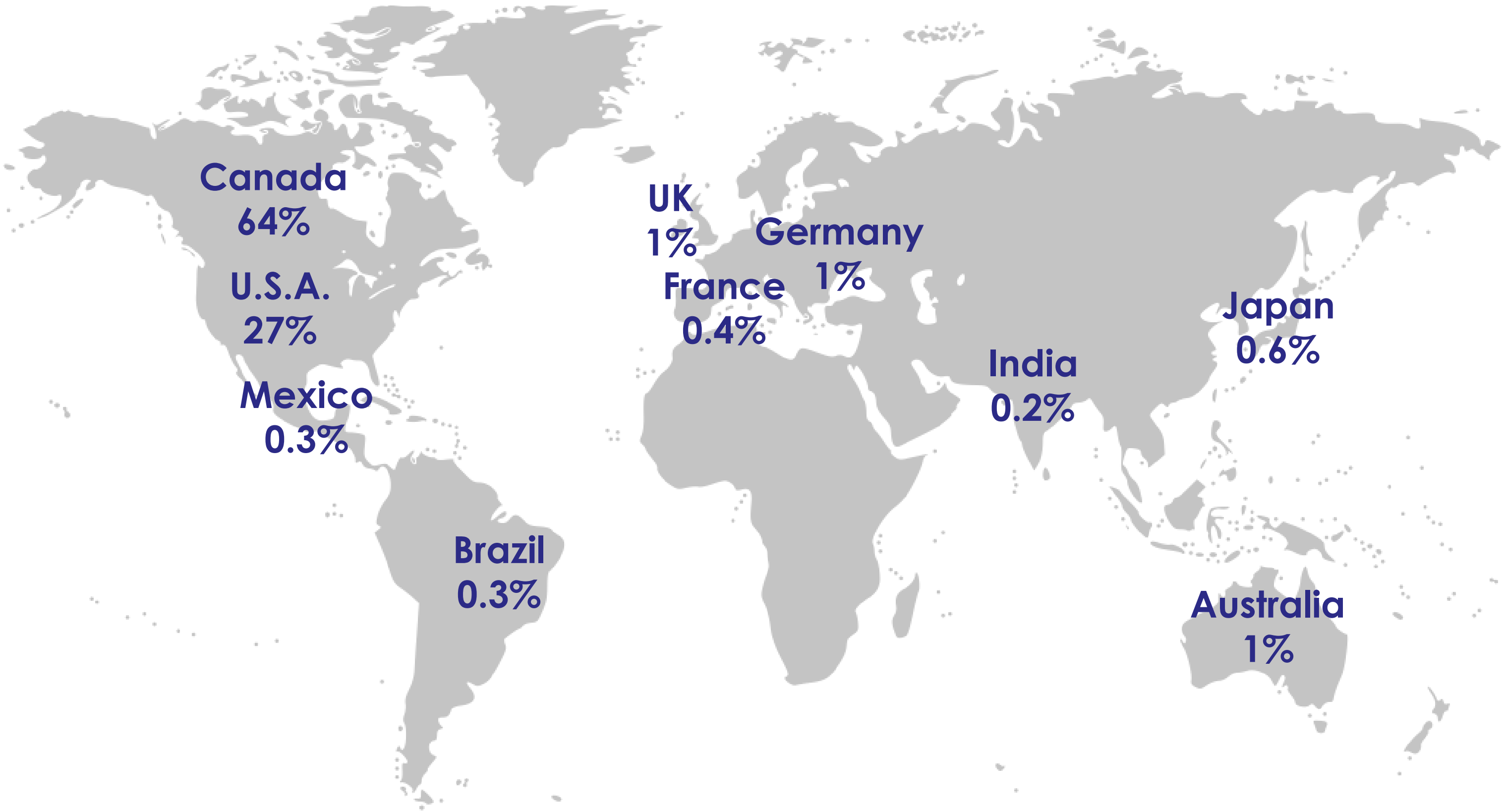
Visitors from Canada – Top 5:

1. Victoria
2. Vancouver
3. Toronto
4. Calgary
5. Edmonton

Visitors from USA – Top 5:

1. Seattle
2. Portland
3. Los Angeles
4. San Francisco
5. New York

Geographic origin of website visitors – Top 10



Average # pages viewed per visit:
3.54

Average length of time on site:
4:07 minutes

Top mobile devices used to access site:
Apple iPad
Apple iPhone
Samsung Galaxy
Apple iPod

Top pages visited:
Home page
Events/Calendar
Things to Do

Source: Tourism Victoria Google Analytics, 2013

Visitor Experience: What visitors have to say about Victoria, B.C. online

Attitudes towards Victoria, B.C. in Q2 2013 are…

Positive	Neutral	Negative
64%	30%	5%

Positive attitudes are those that depict a good experience or like.
Neutral attitudes are those that are neither positive nor negative.
Negative attitudes are those that depict a bad experience or dislike.

Top Hashtags #

- VictoriaBC
- BeautifulBC
- ButchartGardens

Top content mentioned on social media in Q2 2013 about Victoria, B.C.:

Klout Scores

73	Tourism Vancouver "@myvancouver"
71	Tourism Seattle "@visitseattle"
69	Tourism Victoria "@victoriavisitor"

Klout.com measures a person's or organization's social media influence, including social media presence and mentions. Klout scores range from 1-100. The higher the Klout score, the more influential the organization is online.

Source: Social media data from Facebook, Twitter, YouTube and Klout gathered by Lux Insights, 2013

Visitor Experience: TripAdvisor Reviews, Victoria, B.C.

Top reviewed hotels on TripAdvisor:

Q1 2013

1. Abigail's Hotel
2. Magnolia Hotel and Spa
3. Best Western Plus Inner Harbour
4. Hotel Rialto
5. Oak Bay Beach Hotel

Q2 2013

1. Abigail's Hotel
2. Magnolia Hotel and Spa
3. Oak Bay Beach Hotel
4. Hotel Rialto
5. Best Western Plus Inner Harbour

Top reviewed restaurants on TripAdvisor:

Q1 2013

1. Café Ceylon
2. Brasserie L'école
3. Il Terrazzo
4. Ulla Restaurant
5. Blighty's Bistro

Q2 2013

1. Café Ceylon
2. Ulla Restaurant
3. Brasserie L'école
4. Blighty's Bistro
5. The Fish Store at Fisherman's Wharf

Top reviewed attractions on TripAdvisor:

Q1 2013

1. Butchart Gardens (Brentwood Bay)
2. Royal BC Museum
3. Inner Harbour
4. Victoria Butterfly Gardens (Brentwood Bay)
5. Galloping Goose Regional Trail

Q2 2013

1. Butchart Gardens (Brentwood Bay)
2. Royal BC Museum
3. Inner Harbour
4. Galloping Goose Regional Trail
5. Beacon Hill Park

Top 10 Rated Destinations in Canada

	2012	2013
1.	Vancouver, B.C.	Vancouver, B.C.
2.	Montreal, QC	Montreal, QC
3.	Toronto, ON	Niagara Falls, ON
4.	Quebec City, QC	Toronto, ON
5.	**Victoria, B.C.**	Quebec City, QC
6.	Whistler, B.C.	Banff, AB
7.	Calgary, A.B.	**Victoria, B.C.**
8.	Ottawa, ON	Whistler, B.C.
9.	Banff, AB	Lake Louise, AB
10.	Niagara Falls, ON	Ottawa, ON

Source: TripAdvisor.com, 2012 and 2013

Appendix – Hotel Performance Data Tables

Occupancy by Tier

	2012						2013					
Occupancy	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Upper	83.60%	88.37%	82.46%	65.91%	48.43%	45.93%	37.48%	55.68%	63.11%	71.02%	73.24%	82.45%
Mid	73.96%	81.78%	69.25%	51.75%	41.99%	40.19%	36.13%	47.09%	58.55%	63.50%	66.26%	79.99%
Lower	60.56%	70.68%	55.99%	47.20%	36.80%	36.99%	34.04%	42.05%	43.40%	48.21%	49.18%	54.01%
All	78.3	87.1	75.8	59.9	45.31	43.32	36.7%	51.78%	59.75%	66.68%	68.76%	79.42%

Average Room Rate by Tier

	2012						2013					
ARR	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Upper	164.15	168.23	154.84	124.83	113.22	118.24	$109.44	$115.45	$117.12	$125.30	$154.07	$163.28
Mid	119.20	119.95	105.25	83.54	75.61	75.43	$72.42	$74.55	$76.92	$77.04	$95.95	$106.33
Lower	85.55	88.50	76.09	62.39	56.48	54.72	$53.83	$55.39	$58.31	$60.88	$71.95	$84.89
All	145.00	146.05	135.58	109.31	97.73	101.00	$93.17	$99.68	$102.11	$108.65	$132.93	$144.69

RevPAR by Tier

	2012						2013					
RevPAR	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Upper	$137.23	$148.66	$127.68	$82.28	$54.84	$54.31	$41.02	$64.28	$73.91	$88.99	$112.84	$134.63
Mid	$88.16	$98.09	$72.88	$43.23	$31.75	$31.75	$26.16	$35.10	$45.04	$48.92	$63.58	$85.05
Lower	$51.81	$62.56	$42.61	$29.45	$20.79	$20.24	$18.32	$23.29	$25.31	$29.35	$35.39	$45.85
All	$113.49	$123.87	$102.78	$65.41	$44.48	$43.75	$34.20	$51.62	$61.02	$72.44	$91.41	$114.92

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Appendix – Hotel Performance Data Tables

Occupancy by Location

	2012						2013					
Occupancy	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
Downtown/Inner Harbour	82.96%	87.77%	80.90%	63.78%	46.54%	44.50%	37.77%	54.22%	64.21%	71.82%	73.49%	83.13%
Suburban	62.92%	78.99%	61.92%	48.81%	41.20%	37.80%	28.98%	40.04%	46.75%	54.47%	58.68%	71.83%
Gorge Road/Esquimalt	73.50%	79.55%	68.57%	51.96%	39.82%	36.25%	34.76%	51.80%	52.65%	56.77%	57.09%	64.31%
Saanich Peninsula/Sidney	58.83%	68.46%	59.13%	48.43%	44.45%	45.49%	39.43%	48.93%	49.63%	50.87%	55.65%	65.32%

ARR by Location

	2012						2013					
ARR	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
Downtown/Inner Harbour	$152.93	$157.23	$145.60	$116.14	$103.80	$107.64	$99.73	$104.94	$106.69	$115.04	$142.47	$154.21
Suburban	$115.33	$110.55	$101.55	$88.47	$83.47	$81.68	$78.89	$90.51	$96.42	$87.80	$111.90	$120.29
Gorge Road/Esquimalt	$88.29	$90.93	$73.46	$62.87	$57.47	$55.20	$53.00	$55.80	$56.79	$60.99	$65.81	$78.71
Saanich Peninsula/Sidney	$138.05	$130.64	$121.24	$98.22	$93.25	$94.42	$78.96	$95.42	$97.25	$104.36	$115.61	$109.32

RevPAR by Location

	2012						2013					
RevPAR	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**
Downtown/Inner Harbour	$126.87	$138.00	$117.79	$74.07	$48.31	$47.90	$37.67	$56.90	$68.50	$82.62	$104.70	$128.18
Suburban	$72.57	$87.32	$62.88	$43.18	$34.38	$30.87	$22.86	$36.24	$45.08	$47.83	$65.66	$86.40
Gorge Road/Esquimalt	$64.89	$72.33	$50.37	$32.66	$22.89	$20.01	$18.42	$28.91	$29.90	$34.62	$37.57	$50.62
Saanich Peninsula/Sidney	$81.21	$89.43	$71.69	$47.56	$41.45	$42.95	$31.14	$46.69	$48.27	$53.09	$64.34	$71.40

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Sources

BC Ferries Passenger Counts (2012-2013)
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Calgary Regional Housing Market Statistics (2013)
California Travel and Tourism Outlook, Tourism Economics (2013)
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Canadian Tourism Commission UK Market Profile (2013)
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Tourism Vancouver (2013)
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TripAdvisor.com (2012-2013)
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UCLA Forecast (2013)
US Bankruptcy Court (2013)
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Victoria Commercial Accommodation Survey (2013)
Victoria International Airport (2013)
YouTube.com (2013)
YVR Statistics (2013)
YYC Passenger Statistics (2013)

Visitor Arrivals to Victoria – Booking Type Definitions	
Independent Travellers	
Leisure	Room nights used by independent leisure travellers
Long stay	Room nights used by guests staying more than 7 days (leisure and business)
Corporate	Room nights used by independent corporate business travellers
Government	Room nights used by independent government business travellers (federal, provincial or local government)
Tour & Travel	Room nights used by independent travellers where tour operators make booking on behalf of guests
Group Travellers	
Association	Room nights used by travellers who are attending association-based conferences, board committee meetings, etc. where rooms are booked as a block
Corporate	Room nights used by group corporate business travellers
Government	Room nights used by group government business travellers
Incentive	Room nights used by group travellers as part of incentive programs where rooms are booked as a block
Sports Teams	Room nights used by school, amateur, or professional sports groups
Tour & Travel	Room nights used by group travellers where tour operators make booking on behalf of group
Other	Room nights used by specific group types other than those listed above

Social media data gathered by Lux Insights (2013). 168 social media postings about Victoria, B.C. by travellers and residents were randomly collected through sites such as Addictomatic and Trend Tracker. Attitudes, top content and hashtags were calculated based on the sample.

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Questions or comments? Email krista@luxinsights.com