

GVBOT TOURISM ROADMAP



COVID-19 Post-Pandemic Scenario Planning for Greater Vancouver Tourism

June 2021

B.C. TOURISM SECTOR SNAPSHOT (2018)



Visitors:
22 million



Revenue:
\$20.5 billion



Employment:
160,000+ jobs



Tourism businesses:
19,000 businesses



GDP:
\$8.2 billion



Cruise ships (2019):
~\$840 million of
spending in local economy

COVID-19 IMPACTS ON GREATER VANCOUVER'S TOURISM SECTOR



In 2020, Vancouver's economy
lost over \$14.3 billion due to
the impact of COVID-19 on tourism



Vancouver **loses over \$1.19 billion**
in tourism-related revenue
every month



Downtown Vancouver hotel occupancy rates
fell to **28% in 2020 from 80% in 2019**



72% fewer YVR passengers
in 2020 than 2019



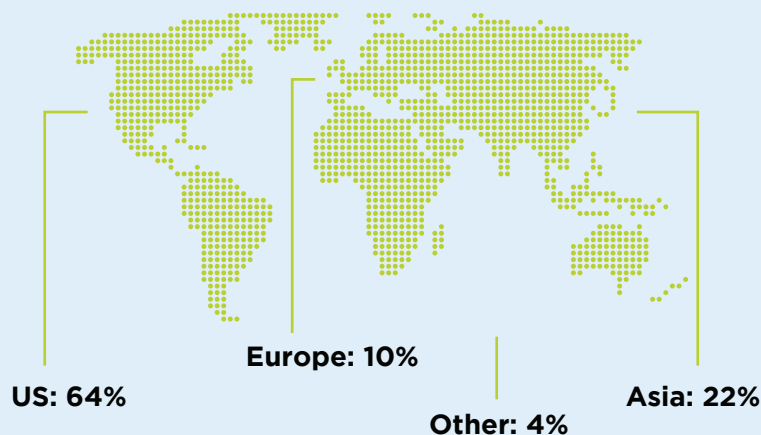
In April 2020, direct tourism employment
in B.C. **declined by 50% y-o-y**, and has
not fully recovered



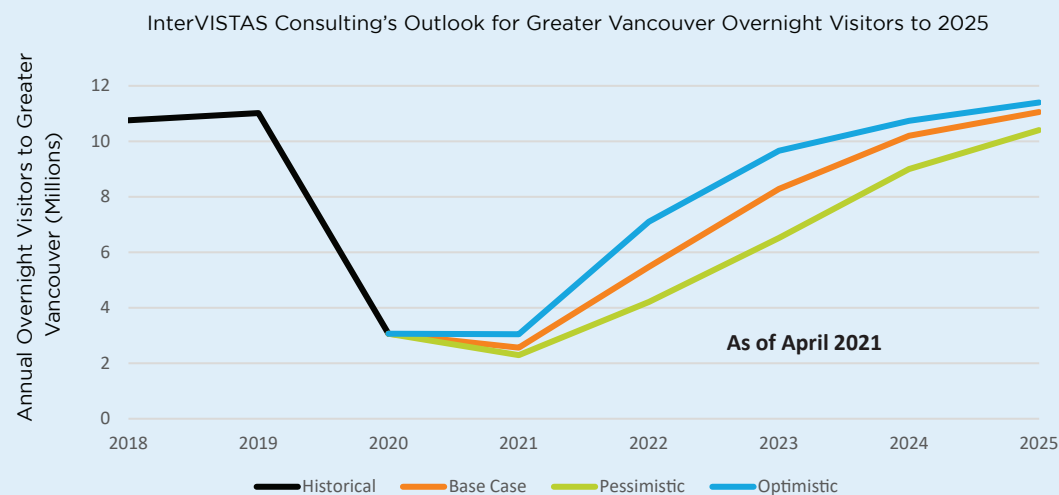
Cancelled cruise seasons
in 2020 and 2021

B.C. VISITORS PROFILE (2019)

Visitor breakdown **~75%** domestic and
~ 25% international (international visitors broken
down as follows:)



FORECASTING RECOVERY SCENARIOS FOR GREATER VANCOUVER OVERNIGHT VISITORS



RECOMMENDATIONS:

Pathway to recovery for B.C.'s tourism sector post COVID-19

SURVIVAL

- Expand tourism industry **financial supports**.
- Ensure **major attractions** survive and stay relevant.
- Defend B.C.'s **cruise industry**.

REBUILD

- Review and revise **travel restrictions** while leveraging the best technology.
- Encourage tourism and champion **larger events**.
- Consider measures to **manage price fluctuations** and increasing costs to travellers.
- Explore hosting the **2030 Olympics**.

RESILIENCE

- Restore and diversify Greater Vancouver's **hotel capacity**.
- Support the aviation industry to secure **air connectivity** and encourage recovery.
- Enhance visitor experiences through **diversification, sustainable development, and new technology**.

SOURCES

- [B.C. Statistics](#)
- [B.C. Tourism Task Force Final Report](#)
- [Destination BC](#)
- [Downtown Vancouver Business Improvement Association](#)
- [InterVISTAS Consulting](#)
- [Tourism Industry Association of BC](#)
- [Tourism Vancouver](#)
- [YVR Facts and Stats](#)



GREATER VANCOUVER
BOARD OF TRADE



GVBOT TOURISM ROADMAP

COVID-19 Post-Pandemic Scenario Planning
for Greater Vancouver Tourism

June 2021

GVBOT Tourism Roadmap:

COVID-19 Economic Impact Assessment and Post-Pandemic Scenario Planning for Greater Vancouver Tourism

1. Introduction

The COVID-19 pandemic has greatly impacted our lives during this past year. While there is a light at the end of the tunnel with the availability of vaccines,

Canada's tourism industry is not expected to recover to 2019 (*pre-pandemic levels*) until 2025.

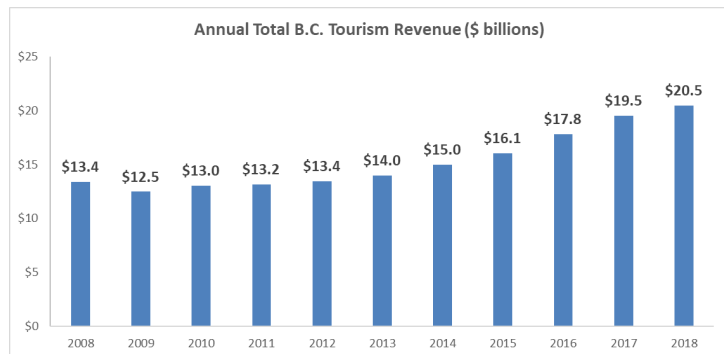
the tourism and travel industries globally have been suffering and severely impacted given the depth and breadth of global travel and border restrictions. The aviation and cruise ship sectors continue to be affected, while receiving varying degrees of government assistance. As a result, operators in some countries who have received assistance/funding will have an upper hand with their restart and recovery.

While the world slowly builds its community immunity against the virus, it is anticipated that travel and tourism volumes in Canada will be slow and likely not return to pre-pandemic levels until 2025. Volumes are likely to build slowly and incrementally from local, to domestic, regional/transborder and then lastly international.

The roadmap for the tourism industry summarizes the importance of the industry for our local, provincial, and national economies, as well as the forecasted recovery time frame for the industry. The impact of the pandemic on lost/reduced connections to communities due to air service reductions is further evaluated to assess how it has affected daily life for citizens and businesses. Lastly, the next steps needed by the industry to get past the pandemic are presented.

2. Tourism is a Significant Economic, Social and Cultural Industry for B.C.

Tourism is one of British Columbia's significant industries – hosting 22 million visitors and generating \$20.5 billion in revenue in 2018 for tourism industry businesses. While nearly 75% of visitors are domestic Canadian travellers, of the remaining international visitors, 64% are from the US, 22% are from Asia, 10% are from Europe and the remaining 4% are from Mexico and other regions.



Source: Destination BC

With its close ties to the Asia Pacific region, B.C.'s tourism industry connects people and cultures, fostering and strengthening personal and economic ties. Visitors from Asia have grown from 738,000 visitors annually in 2008 to 1.2

Visitors from China spent an average of \$2,180 during their trip to Canada in 2018.

million visitors in 2018, with the proportion of visitors from China leading the way. Visitors from China made up 12% of all Asian visitors in 2008, but that share has grown to 28% in 2018. Asian visitors to B.C. spend important dollars in our local economy, averaging roughly \$1,700 per visitor on their travels to B.C. in 2018. Visitors from China spent an average of \$2,180 during their trip to Canada. This compares to the average \$755 per U.S. visitor and average \$1,470 per European visitor. With the recent rise of anti-Asian hate crimes in Canada, our tourism brand has been impacted – efforts to address these issues will be key to ensure that B.C. and Canada are perceived as safe destinations for all visitors.

Approximately \$14 billion or nearly 70% of the province's tourism revenues accrue to the economy of Metro Vancouver. The majority of tourism related jobs are located in the Metro Vancouver area, working across different sector categories, including accommodations,

food/beverage, retail and transportation. While data on downtown Vancouver is difficult to obtain, it is understood that the vast majority of tourism visitors, and a large proportion of the economic benefit, is at least partially spent in the core Metro.

B.C.'s tourism industry is also a strong employer, offering employment opportunities for a variety of skill sets and seasonal employment to young people seeking summer

jobs or those just

starting their careers.

In 2018, the province's

tourism industry

employed over

160,000 jobs – paying

\$6 billion in wages

and salaries. Tourism

related employment

in 2008 was at

106,000. In terms of

the number of

tourism related

businesses, there

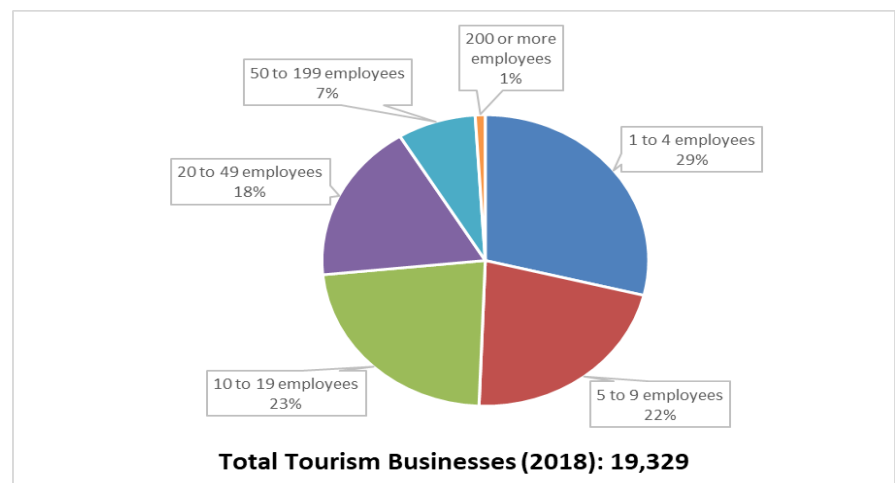
were over 19,000

businesses in 2018, of

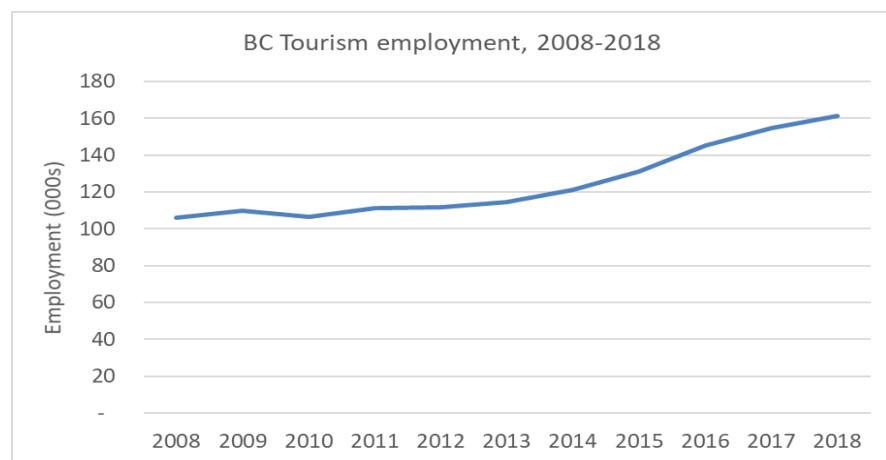
which 73% employed

19 employees or less.

Small Medium Enterprises (SMEs) that employ 1-19 employees make up 73% of all tourism businesses operating in B.C.



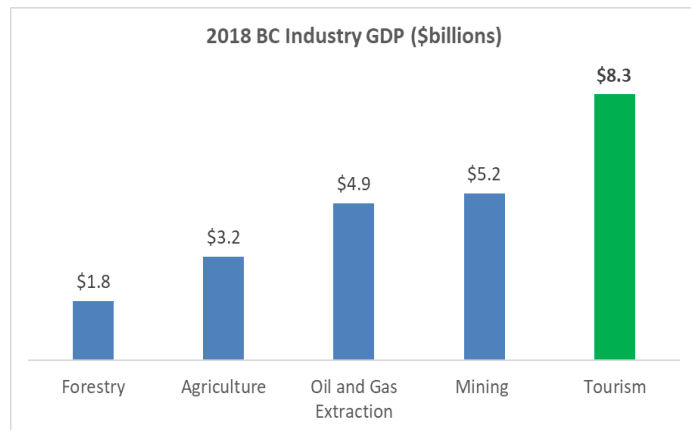
Source: Destination BC



Source: Destination BC

This statistic demonstrates that B.C.'s tourism industry is made up of predominantly small enterprises operating across different business areas in the industry – but collectively contributes to the size and strength of B.C.'s tourism industry.

Additionally, B.C.'s tourism industry has generated more gross domestic product (GDP) than other local B.C. industries, such as Agriculture, Forestry, Mining, and Oil and Gas Extraction. B.C.'s tourism industry GDP was \$5.8 billion in 2008 and has grown to \$8.2 billion in 2018. Given the substantial contributions of the tourism industry to provincial GDP, the current pandemic situation is having significant effects on B.C.'s economy overall.



Source: BC Stats

3. The Impact of COVID-19 on B.C.'s Tourism Industry

2019 was a highly successful year for B.C.'s tourism industry, hosting 22 million visitors that spent \$20.5 billion in the provincial economy – however, in Spring 2020, the industry was halted due to the pandemic. The aviation and cruise ship industries were severely impacted

The 2020 and 2021 cruise ship seasons are cancelled. In 2019, B.C.'s Cruise ship industry generated tourism revenues of \$840 million.

as travel bans and other restrictions came to be in an effort to slowdown the transmission of the COVID-19 virus throughout 2020. In 2021, the tourism industry is constrained and has not started to recover.

In 2019, Vancouver hosted 280 cruise ship sailings with each sailing contributing \$3 million in spending by visitors, crew and the cruise lines in the local economy, or \$840 million per annum. The 2020 and 2021 seasons have been cancelled and proposed legislation could decimate the sector indefinitely. Currently, under the U.S. Passenger Vessel Services Act, for foreign-flag vessels to transport passengers on round-trip voyages originating in the United States, the vessels must stop at a foreign port during the voyage. The U.S. recently passed legislation that would allow these ships to temporarily bypass Canadian ports until the Canadian cruise

ban is lifted in February 2022. Additional bills to repeal and reform the 135-year-old Passenger Vessel Services Act have since been introduced that could make the temporary change permanent, potentially costing the B.C. economy hundreds of millions of dollars and undermining efforts to rebuild the sector and provincial economy.

In a survey of Tourism Vancouver member businesses in Fall 2020, nearly all (98%) indicated that they had experienced more than a 50% decline in business through the first half of 2020. Iconic tourism assets, such as the Vancouver Aquarium, the Rocky Mountaineer, Science World, and others have been forced to completely close their doors.

Since the beginning of the pandemic, Greater Vancouver has lost upwards of 800 hotel rooms to bankruptcy and conversions to supportive housing. Many of the converted hotel rooms were drawn from the stock of affordable hotel rooms that make a diverse array of tourism and travel to Vancouver more possible. Hotel developments in the pipeline cannot replace the lost supply as they predominantly consist of higher end luxury rooms and serve customers at a higher price point. Furthermore, hotel construction is an expensive and lengthy process that requires long-term investment by a developer. Any new hotels to fill this gap would not be constructed in time to address the excess demand as travel restrictions ease. Having a healthy and diverse stock of hotel rooms is a critical piece to ensuring the region can welcome all tourists back, rebuild its tourism sector and stimulate the economic activity required to recover post-pandemic.

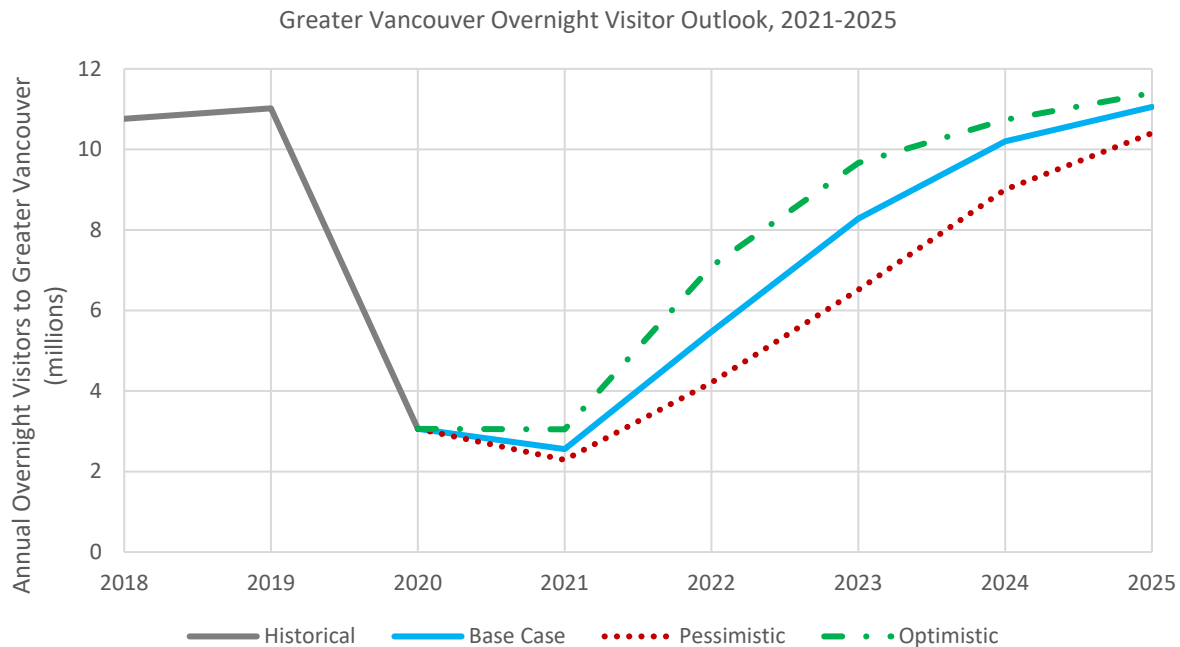
4. Potential Recovery Scenarios for Canada's Tourism Industry and Air Passengers

Based on available forecasts for recovery in air passenger volumes and visitor demand in Canada, it appears that volumes may revert back to pre-pandemic levels in the 2024/2025 time period. The outlook will depend on speed of vaccine roll-out, easing of government restrictions on travel and the reopening of borders.

Tourism revenue and air capacity demand in Canada is estimated to recover to pre-pandemic levels by 2024/2025.

InterVISTAS Consulting's Outlook for Greater Vancouver Overnight Visitors to 2025

For the purposes of this report, InterVISTAS Consulting developed an outlook for the recovery of overnight visitors to Greater Vancouver out to 2025. This outlook projection is



Source: InterVISTAS Consulting, projection of overnight visitors to Greater Vancouver.

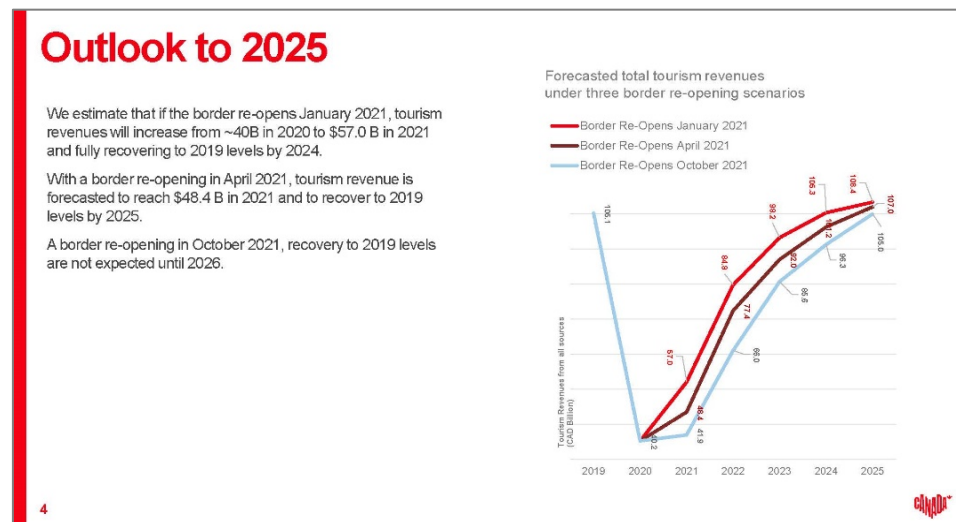
based on market research data provided by Tourism Vancouver and models the recovery of overnight visitors to the Greater Vancouver area by three primary origin regions: Domestic Canada (including from within B.C.), the United States, and overseas International visitors. The projection was developed across three scenarios, a Base Case and Optimistic and Pessimistic scenarios. These scenarios are based on assumptions regarding key factors impacting the travel and tourism industries such as timing of the reopening of the border to U.S. and overseas visitors, recovery of domestic vs foreign visitor markets, vaccination rates, and when quarantine and testing restrictions and programs will be relaxed.

In the Base Case scenario, total annual overnight visitors to Greater Vancouver are not projected to reach pre-COVID (i.e., 2019) levels until 2025, though peak season visitation is likely to see pre-COVID visitor levels by 2024. In the Optimistic scenario, full-year pre-COVID visitor counts are projected to be seen by 2024 while in the Pessimistic scenario, pre-COVID

visitation levels are not expected to be recovered until beyond 2025. In all scenarios, it is projected that Domestic visitor arrivals – including both intra- and inter-provincial travel – will recover first and that even while the Canadian border remains closed or quarantine restrictions are in place, Domestic travel will see the beginnings of recovery in 2021. In contrast to the Destination Canada traffic projection developed in late 2020 (*shown in the following section*), this outlook indicates that 2021 will likely not be a significant recovery year for overnight visitors, and that substantial recovery is not likely to begin until 2022. It is also assumed that business travel, both for client/site visits and for conferences and conventions, will take longer to recover than the leisure and visiting friends and relatives markets, particularly so for international business travel in the post-COVID world. An overview of the forecasting methodology and assumptions can be found in Appendix A.

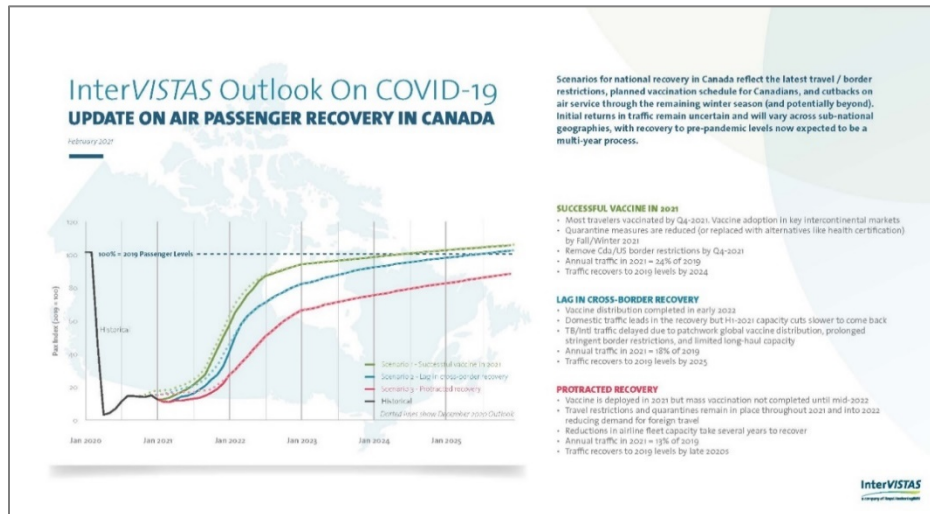
Destination Canada's Outlook to 2025

In November 2020, Destination Canada updated its visitor demand forecast that is based on the potential timing for the re-



Source: Visitor Demand Forecast Update, Destination Canada, November 2020.

opening of the Canada-U.S. land border. The optimistic scenario with the border re-opening in January 2021, forecasted that Canada's tourism revenues would return to pre-pandemic levels by 2024. However, as of mid-June 2021, the Canada-U.S. land border had not yet re-opened and was extended for at least another month.ⁱ This is likely to continue until case loads lower. Should the border re-open in October 2021, Destination Canada forecasts a return to pre-pandemic tourism revenues by 2025.



Source: InterVISTAS Outlook on COVID-19 – Update on Air Passenger Recovery in Canada, Feb 2021.

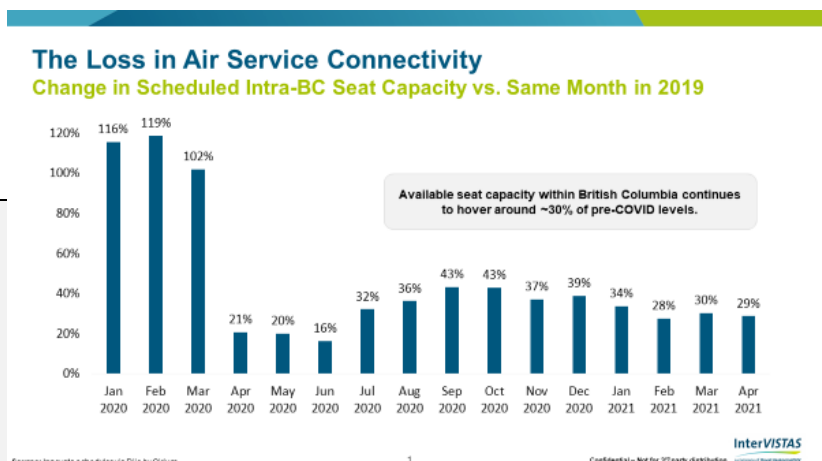
With respect to the recovery of aviation services in Canada, InterVISTAS Consulting has prepared forecast scenarios for national recovery in Canada that reflect the latest travel/border

restrictions, planned vaccination schedule for Canadians, and cutbacks on air service through the remaining winter season (and potentially beyond), as of February 2021. Initial returns in air traffic remain uncertain and will vary across sub-national geographies, with recovery to pre-pandemic levels now expected to be a multi-year process. All three scenarios forecast that air passenger volumes in Canada will recover to pre-pandemic levels by 2025 or later, given the assumptions for the protracted recovery that is impacted by the vaccine roll-out and level of travel restrictions that may continue to be in place.

5. Impact of Lost Connectivity for B.C. Communities

Since the pandemic took hold in Spring 2020, Canada's aviation industry has

Air services are essential to regional B.C. markets, connecting family/friends, businesses and supporting medical care and health emergencies.



suffered great difficulty and strain. Given government lockdowns, travel restrictions and border closures, the world's airlines have had to suspend service, given the lack of travel demand. Air service is an essential service – for visiting friends and family, for businesses who need to connect to clients or colleagues in Greater Vancouver, and for those in need of medical care. The loss of these services throughout the pandemic has had significant economic and social consequences to communities throughout B.C. Some regional B.C. markets lost all their scheduled air service during the pandemic. Both Air Canada and Westjet have had to adjust their air network significantly. Available capacity for intra-B.C. routes was roughly 30% of pre-pandemic levels in April 2021. All but five communities in B.C. lost service for a least a month or more between March 2020 and May 2021.ⁱⁱ Air Canada and Westjet both announced in late March 2021 that the resumption of both domestic and international air services that were suspended in 2020 will restart by May/June 2021.ⁱⁱⁱ Additionally, some airlines have added new domestic routes to their networks, including routes between Victoria and Ottawa, Nanaimo and Edmonton, and Comox and Toronto.^{iv}

The Government of Canada has also indicated that travel restrictions will be easing as vaccination rates increase and case numbers decline across the country, including steps to ease travel for fully vaccinated citizens and permanent residents.^v The COVID-19 Testing and Screening Expert Advisory Panel (“Expert Panel”) recently released a set of recommendations for re-opening travel by easing certain pandemic travel restrictions. The Board of Trade has joined the Canadian Tourism and Travel Roundtable in calling for the Government of Canada to introduce a plan to bring back travel in accordance with the recommendations of the Expert Panel.^{vi}

Intra-B.C. travel restrictions are also easing, and B.C.'s restart plan anticipates unrestricted domestic travel within Canada in July 2021.^{vii} The U.S. State Department lifted its “Do not travel” advisory for Canada in early June, which will encourage Americans to travel to Canada as restrictions are eased.^{viii} While previously cancelled routes are returning, communities are still experiencing the impact of the pandemic restrictions on their

economies. Additionally, many rural or remote communities face air travel constraints that could limit mobility, including dealing with the impact of fleet changes. Given our province and country’s vast geography, preserving affordable air connectivity post pandemic will be crucial to preserving the economic union and overall equity in the country.

Fleet Changes and the Impact on Regional B.C. Markets

On March 1, 2021, Chorus Aviation announced that it would be retiring its remaining fleet of 50-seater Dash 8-300 aircraft and exiting the aircraft type from the Capacity Purchase Agreement with Air Canada.^{ix} Having already retired its fleet of 37-seater

Airline fleet changes may impact regional B.C. markets in the longer term.

Dash 8-100s, this announcement further reduced Air Canada’s regional sub-50-seat fleet from 35 to just 15 aircraft. This is expected to have long-term repercussions for regional markets around the country from both an operational and commercial perspective.

Certain markets, such as Castlegar, B.C., depended on the takeoff and landing performance of small turboprop aircraft, such as the Dash 8-100s and -300s. Market demand and airport capability for the next bigger aircraft type, the Dash 8-400, will be paramount for the resumption of service for airports previously exclusively served by the Dash 8-100 and 300. Regional airports are also challenged by the fact that the size of the 50-seater fleet has dwindled. With less than half as many aircraft to serve this segment of the market, regional markets will likely face reduced service levels by Air Canada even following the post COVID-19 demand recovery.

Wider Economic Benefits

Air connectivity supports wider economic benefits through social and commercial air services at airports in B.C.

An essential part of Canada’s transportation network, airports allow the economy to operate more efficiently and provide vital links to economic activity across the country. Airports in Canada contribute substantially to employment, GDP, economic output and more. Airports facilitate economic development within communities by attracting tourists and businesses, creating

employment opportunities and paying wages, which in turn are spent in the local communities and further drive economic activity.

Air connectivity also supports wider economic benefits in the B.C. economy. The resulting increase in connectivity to/from/within the province also facilitates economic growth and development in a wide spectrum of industries, referred to as *catalytic impacts*. Aviation supports employment and economic development in the economy. This yields additional benefits to direct users and generates further positive impact on the performance and economic activity of the region.

B.C.'s air connectivity globally is achieved predominantly via air services that are offered at Vancouver International Airport (YVR) that bring visitors to Vancouver and the rest of the province. A prior study from 2007, conducted by InterVISTAS for the International Air Transport Association (IATA) found that an investment of \$1.8 billion at YVR led to additional air connectivity for Canada of 5.4% and in turn, increased the country's productivity by 0.04%. This is equivalent to an annual growth of C\$348 million in national GDP (an economic rate of return of 19.3%), assuming constant number of hours worked.^x Aviation activities stimulate significant ongoing economic impacts throughout the province and country. Airports are essential to the transportation network and are important facilitators of economic development, providing overall benefits to communities.

6. Recommendations: Path to Recovery for B.C.'s Tourism Sector Post COVID-19

The COVID-19 pandemic has been disruptive to B.C.'s tourism sector and has had greater and more prolonged impact on the industry than prior events, such as 9/11, SARS, or the 2009 Global Economic downturn. There are some lessons from the past

Hosting the 2030 Winter Olympic Games may provide B.C.'s tourism industry with a singular focus upon which to rebuild and strengthen after the pandemic.

year and prior crises that will help to pave the way forward for B.C.'s tourism industry recovery.

Survival, Rebuild and Resilience – these three pillars are key to economic recovery. There are several areas in which the industry can look forward to building and growing post-pandemic. In the short term, the survival and rebuilding of the travel and tourism industries are key. It will also be critical to build long term resilience and redouble efforts to build a sustainable travel and tourism industry in B.C. The time is now to leverage the lessons learned and experiences gained from the pandemic into positive outcomes for the future.

Survival

1. **Expand tourism industry financial supports.** Nearly 75% of B.C.'s tourism industry are SMEs. The federal government should continue to use tools like the Canada Emergency Wage and Rent Subsidies and the Canada Emergency Hiring Program to support tourism businesses. They should also expand the Highly Affected Sectors Credit Access Program eligibility to allow larger tourism businesses to participate as industry begins to recover. The federal and provincial governments should also consider additional measures to defer or relieve fixed costs for highly affected tourism industry businesses and adjacent tourism-dependent businesses.
2. **Ensure major attractions survive and remain relevant in the new economy.** Anchor businesses such as large events venues and public attractions do much to attract tourists to Greater Vancouver. The B.C. government should engage with major attractions in Greater Vancouver to develop initiatives that ensure their survival, increase investments in infrastructure and resiliency, and harness new technologies to remain attractive to future visitors.
3. **Defend B.C.'s cruise industry.** The federal government should prioritize a safe restart for cruises as soon as possible, and work to ensure the sector is viable in B.C.

long term as it is faced with legislative proposals in the U.S. that threaten the industry.

Rebuild

4. **Following Expert Panel recommendations, review and revise travel restrictions while leveraging the best available technology.** The blanket 14-day quarantine deters travel even when it is safe to do so.^{xi} The COVID-19 Testing and Screening Expert Advisory Panel has recommended that the government relax the mandatory hotel and pre-departure testing requirements for fully vaccinated travellers. In accordance with these recommendations, the federal government should review and revise these measures for domestic and international travelers and implement a science-based approach to travel restrictions. Innovative approaches to travel restrictions should be prioritized including the use of the best available technology to facilitate rapid testing and screening processes.
5. **Encourage domestic and international tourism.** The province and the federal government should work to encourage domestic travel, including to the main city centres.^{xii} All levels of government should also work with stakeholders to craft more consistent, evidence-based messaging regarding safe travel to Canada and B.C., while also enhancing its promotional efforts targeting international markets.
6. **Consider ways to manage travel price fluctuations and increasing costs to travellers.** Domestic air travel in Canada is already exceptionally expensive due to various fees layered onto the base fare. Tourism operators and airlines face mounting costs associated with maintaining operations and building back capacity to meet pent up travel demand, which may hamper recovery efforts and harm Canadian competitiveness in the tourism sector.
7. **Combine efforts to host large-scale events and opportunities.** As vaccination rates increase and larger gatherings are permitted, larger events serve as effective

opportunities that galvanize the industry and bring significant economic benefits.

Hosting the 2030 Winter Olympic Games will give the industry a singular focus and help recover and grow B.C.'s tourism industry after the pandemic. The

2010 Winter Olympic Games were highly successful that were hosted on the heels of the Global Economic Downturn.

Resilience

8. **Restore Vancouver's hotel capacity and recognizing the need for a diverse**

hotel stock. A healthy and diverse hotel stock is critical to ensure the region can welcome all tourists back, rebuild its tourism sector and stimulate economic activity that generates recovery dollars for the region. Governments must work with all stakeholders to balance competing needs for accommodation, acknowledge the importance of hotel space, particularly affordable options, and protect and restore hotel stock accordingly.

9. **Support the aviation industry to secure connectivity and encourage recovery.**

The vitality of Canadian tourism depends on the vitality of the airports and airlines that support it. As Canada's air travel capacity rebuilds, governments at all levels should work collaboratively with stakeholders including airports, airlines, and navigation services to ensure air connectivity is fully restored to rural and remote communities and that routes continue to be serviced in the future. The federal government should also engage with aviation industry stakeholders to expand direct international flights to Canadian airports, encourage more domestic passenger travel, and invest in more efficient air travel over the long term.

10. **Enhance visitor experience through diversification and sustainable**

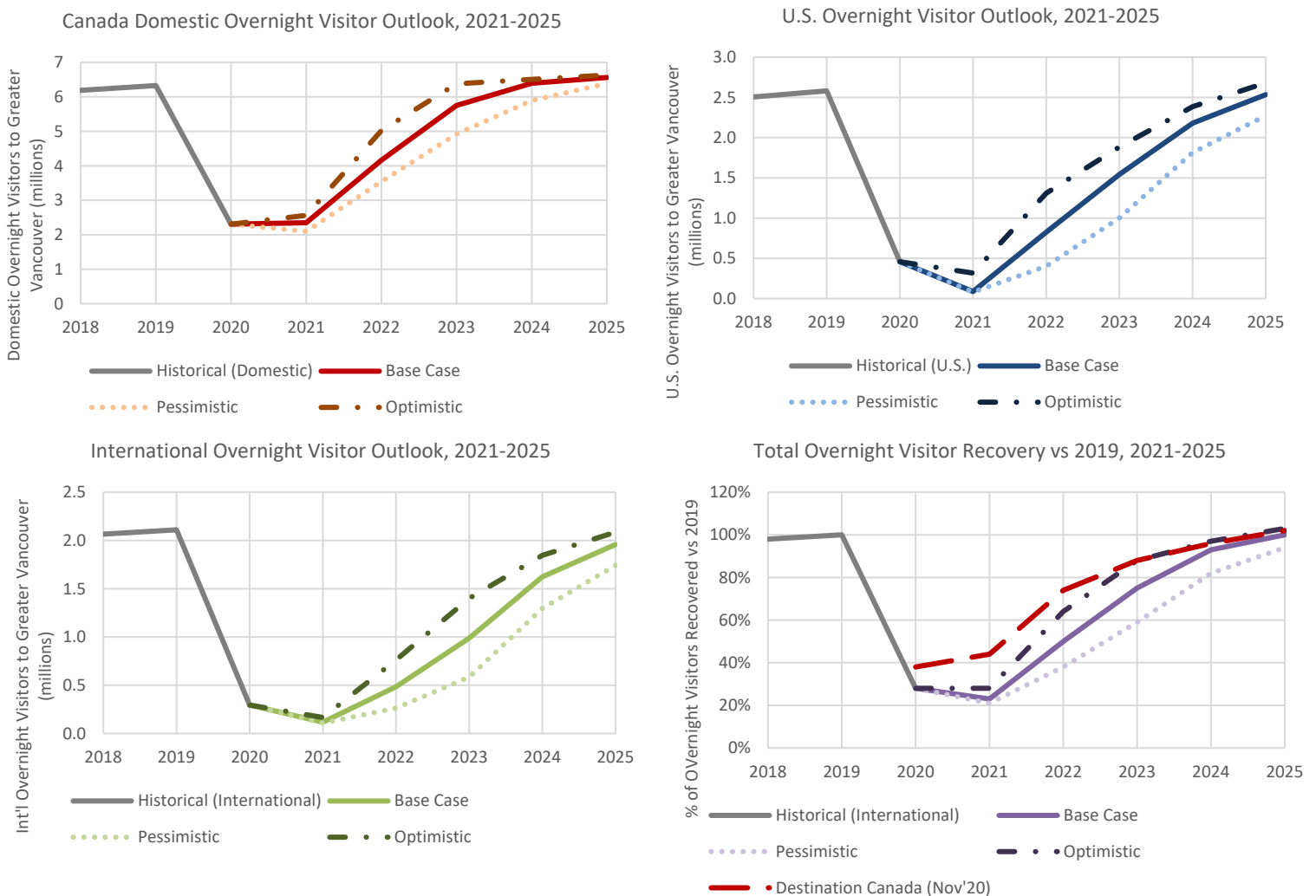
development. Technology is central to our current travel experiences, allowing us to manage itineraries or manage visitor flow and crowds. The federal and provincial governments should invest in diversification of tourism products and adoption of

new technology to expand offerings to visitors and locals and enhance destination management capabilities. The provincial government should also invest in secondary and tertiary destination development to broaden overall tourism offerings in B.C.

The COVID-19 pandemic has been a difficult and trying time for everyone around the globe. The travel and tourism industries globally have suffered great losses over the past year. While the vaccination efforts in Canada and other developed countries is progressing, significant challenges to the full return to normal remain. The travel and tourism industries were the first to be impacted when the pandemic was declared, and the travel and tourism industries will be the last to emerge and recover. B.C.'s tourism industry has shown its resilience to date, but it requires ongoing economic support and proactive measures that evolve as circumstances change to ensure that these entities are viable when the visitors return to travel and enjoy our province and region.

Appendix A: Greater Vancouver Visitor Projection Assumptions and Results

This technical appendix is intended to provide additional information to the Greater Vancouver Board of Trade regarding the overnight visitor travel projections prepared by InterVISTAS. The following charts present the details of the InterVISTAS projection of overnight visitor arrivals to Greater Vancouver. The projection was developed by traveller origin region, breaking down visitors into Domestic Canadian visitors (both intra- and inter-provincial travel), visitors from the U.S., and overseas International



visitors. Additionally, the chart in the bottom-right panel shows a comparison of *Total Overnight Visitors* as a percentage of 2019 visitor levels, along with a comparison to Destination Canada's national recovery projection from November 2020.^{xiii} The key results of the projection show that Domestic visitor stays are projected to recovery

faster than international travel, which is consistent with broader industry expectations about the travel and tourism industries in Canada. International arrivals, including those from the U.S., will remain constrained until changes to Canada's border re-opening policies and the *Quarantine Act* are made to allow a freer flow of travel across Canada's international borders.

It should be noted that these projections are *unconstrained forecasts* and do not take into account hotel or accommodations capacity in the Greater Vancouver area. Over this recovery period it is not expected that the level of visitors will run up against any major capacity constraints, but by 2024 and particularly during peak periods, constraints on accommodations capacity may impact realized overnight stays versus demand for travel.

To generate these projections, a series of assumptions were incorporated into the recovery model. Assumptions ranged from government policy and regulations to changes in traveller preferences and socioeconomic conditions. An overview of these assumptions are presented below:

- **Re-Opening of the Canadian border:** The re-opening of the Canadian border to non-essential travel is a significant requirement for the recovery of overnight visitor stays from foreign markets. The recovery projections assume that the Canadian border will reopen at the earliest in 2021Q3 and at the latest by 2022Q3. More optimistic scenarios assume that the Canada-U.S. border may re-open earlier than the overseas border, or that the land border may re-open with fewer restrictions to allow the U.S. market to begin recovering somewhat faster than the overseas markets.
- **Relaxing of quarantine requirements:** It is assumed that some form of quarantine requirement on arrival will remain in place even after the Canadian border is re-opened. Quarantine requirements are assumed to remain in place until 2021Q4 at the earliest, and through to the end of 2022 at the latest. Quarantine requirements

are likely to remain a significant barrier to both inbound foreign arrivals but also outbound Canadian travellers, both leisure and business travellers.

- **Vaccine effectiveness, adoption, and travel policy:** Optimistic scenarios assume that both within Canada and Vancouver's main source travel markets see a rapid and sustained vaccination adoption rate through 2021 to create both greater traveller confidence as well as mitigating hindering factors on border entry to stimulate the recovery of traffic demand. Conversely, pessimistic scenarios assume one or more of slow vaccine adoption, poor effectiveness, or an uncoordinated global approach to vaccine requirements on arrival leading to slow demand recovery.
- **Recovery of the Domestic market:** Domestic travel and tourism is assumed to recover more quickly than international arrivals, with substantive recovery of both the intra-provincial and inter-provincial markets expected to begin in 2021 and continue into 2022. Intra-provincial visitors are projected to return sooner than inter-provincial, and pessimistic scenarios contain assumptions that inter-provincial travel may be constrained or recommended against into 2022. Even in the pessimistic scenario, Domestic visitor rates are projected to return to pre-COVID levels by 2025.
- **Return of the cruise industry:** Cruise traffic impacts both Domestic and U.S. overnight visitors and the continued Government of Canada prohibition of cruise ships operating in Canadian waters until February 2022 eliminates this market from any recovery in 2021. Across the different scenarios, the cruise industry is projected to either resume in 2022 or 2023 (Pessimistic) with varying levels of capacity and impacts on overnight stays in Greater Vancouver. It should be noted that the Pessimistic scenario assumes that the COVID-19 pandemic has a long-lasting impact on the demand for cruise travel and is not projected to recover to pre-COVID levels before 2025.

- **Impacts on business and MICE markets:** In general, it is assumed that business and MICE market travel will recover relatively slower than leisure and visiting friends and relatives (VFR) travel/tourism. More rapid recoveries of these markets will likely require a combination of strong economic growth along with more rapid removals of quarantine requirements and travel advisories which limit businesses' policies regarding employee travel. The Base Case and Pessimistic scenarios assume that there remains some component of the business/MICE travel market that does not fully return to pre-COVID levels by 2025 (e.g., due to substitution of web conferencing or distance working replacing physical travel).
- **General economic conditions:** Economic conditions are not assumed to be the primary driver of overnight visitor recovery (health and administrative measures play the major roles), but economic activity will continue to impact how travel demand to Vancouver will unfold. In general, if source market economic conditions are more favourable than current projections (e.g. a "roaring 20's" post-COVID economic boom) then it should be expected that both leisure and business travel demand will be higher. Similarly, slower or stagnant growth would lead to a depressed outlook of visitor recovery as suggested in the Pessimistic scenarios. A consideration for future demand recovery will also be how the COVID-19 pandemic and economic slowdown has impacted various parts of society through wealth distribution.

The potential for a "K-shaped" recovery from the COVID-19 pandemic is present in many of Greater Vancouver's source travel markets, where more affluent segments of the population will see improved economic status following the pandemic but many less affluent segments of society will be worse off. While this feature has not been fully modelled in these projections, the type of traveller and how part of the Domestic market in particular may substitute away from urban leisure travel to non-urban destinations (e.g., camping, visiting smaller destinations) could impact both

the mix of travellers visiting Greater Vancouver and overall visitation levels during this recovery period.

ⁱ <https://globalnews.ca/news/7961418/covid-canada-us-border-closed-july-21/>

ⁱⁱ Cities that did not lose their air service to Vancouver are: Terrace, Nanaimo, Victoria, Prince George and Kelowna.

ⁱⁱⁱ <https://www.cbc.ca/news/canada/calgary/westjet-expand-service-western-canada-ontario-pandemic-1.5965284>; <https://www.cbc.ca/news/business/air-canada-flights-south-1.5961148>

^{iv} E.g., WestJet has added 5 routes from Vancouver Island to various Canadian destinations. <https://vancouverisland.ctvnews.ca/westjet-to-add-new-flights-in-victoria-nanaimo-comox-amid-cautious-optimism-for-post-covid-19-travel-1.5363974>

^v <https://www.ctvnews.ca/politics/feds-aim-to-end-hotel-stay-14-day-quarantines-for-fully-vaccinated-canadian-travellers-in-july-1.5462527>

^{vi} <https://www.boardoftrade.com/files/news/2021/media-statement-gvbot-joins-the-call-for-a-science-based-plan-to-reopen%20travel.pdf>

^{vii} <https://www2.gov.bc.ca/gov/content/covid-19/info/restart>

^{viii} <https://www.flightglobal.com/networks/us-lifts-do-not-travel-warning-for-canada-mexico-much-of-europe/144062.article>

^{ix} Source: <https://www.newswire.ca/news-releases/chorus-aviation-announces-revisions-to-the-capacity-purchase-agreement-with-air-canada-836869043.html>

^x *Aviation Economic Benefits*, IATA, p.6 (<https://www.iata.org/en/iata-repository/publications/economic-reports/aviation-economic-benefits/>)

^{xi} Per the BC Tourism Task Force recommendations, appointed by the BC Government in September 2020. https://www2.gov.bc.ca/assets/gov/tourism-and-immigration/tourism-industry-resources/tourism_task_force_final_report_-_dec_9.pdf.

^{xii} While borders remained closed, an increase in domestic tourism may cover some of the revenue shortfall in the interim that will keep tourism businesses in operation. Destination Canada. Visitor Demand Forecast (Nov 2020). https://www.destinationcanada.com/sites/default/files/archive/1258-Destination%20Canada%27s%20Visitor%20Demand%20Forecast%20Update%20-%20November%202020/DC%20Forecast%20Update%20_Nov%202020_EN%20-%20FOR%20PUBLICATION.pdf

^{xiii} Destination Canada, *Visitor Demand Forecast Update (November 2020)*, 2020. Based on Destination Canada's baseline scenario of the Canada-US border reopening in April 2021.