



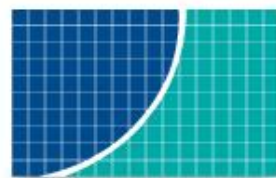
Tourist Accommodation Needs Assessment: Final Report



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EXECUTIVE SUMMARY

Introduction

Tourism plays a major role in Nova Scotia's economy. The 2014 One Nova Scotia Coalition Collaborative Action Plan highlighted tourism expansion as an opportunity. Goal 14 stated "As Nova Scotia's leading source of service sector exports, gross business revenues from tourism will reach \$4 billion". This is roughly double the level at the time.

This study seeks to identify the accommodation-related opportunities and constraints that must be acknowledged and addressed if the province is to realize its aspirational goal to reach \$4 billion in tourism revenues by 2024. This study recognizes that vibrant, quality and market-responsive accommodation infrastructure is essential to unlocking growth opportunities with high yield out-of-region visitors, and helping to make the \$4 billion goal a reality. Clearly, the status quo will not generate the growth required to achieve the goal of \$4 billion in revenues.

The study recognizes the imperative to adjust to constantly evolving consumer trends and preferences, ensuring that the supply of accommodations continues to meet the demand and expectations of visitors. This includes elevating quality standards and offering the right mix of properties, but it also means keeping up-to-date with travel trends such as the increasing use of the sharing economy (e.g., Airbnb and VRBO) and the use of online travel review websites (such as TripAdvisor). The dynamic and responsive sharing economy is playing an increasingly important role in delivering the types of accommodations experiences visitors are seeking, while alleviating pressure points during peak periods.

Key Features of Nova Scotia's Accommodation Supply

In 2016 there were 821 licensed accommodation properties providing over 19,600 units in Nova Scotia. Most units are in hotels (38%), universities (25%) and motels (15%). The number of properties declined 16% from 2011, while the number of units increased by 3%. The stable supply of units overall is due to a 30% increase in units at universities and hostels. The province's eight universities collectively account for 4,648 licensed units. The influx of supply from universities offset a decline in units in almost every other category of accommodation. Excluding universities and hostels, the number of units declined by 600 units or 4%. The decline in accommodation units is mainly attributable to motels (-346), B&Bs (-204), Inn/B&B's (-98) and cottages/cabins (-74).

Almost 40% of the province's accommodation units are in Metro Halifax, with 18% in Cape Breton. Halifax only has 10% of the properties compared to 30% in Cape Breton. Properties in Halifax are, on average, much larger than those elsewhere in the province. In Metro Halifax, the number of properties declined by 20% between 2011 and 2016, with a small decline in the number of units. In Cape Breton, the number of properties declined by 7%, while the number of units increased slightly.

Although it represents a small share of supply (36 properties and 263 units), the Eastern Shore region experienced the most significant relative decline in the number of properties between 2011 and 2016 (-28%). The Northumberland Shore region had a 21% decline in the number of properties, but a 25% surge in units due to an increase in licensed units at St. Francis Xavier University. A similar pattern was noted in the Fundy Shore & Annapolis Valley Region. The South Shore Region had a significant decline in the number of properties (-25%) but a more modest decline (10%) in units.

Airbnb is one of many accommodations sharing platforms. However, with the largest inventory and highest profile, it is illustrative of the accommodations sharing economy. Keeping in mind that Airbnb listings are very dynamic, and trending up over time, there were 1,589 Airbnb hosts in the province in 2016. Accommodations marketed through the sharing economy were most heavily concentrated in Halifax, although they are available throughout the province.

Several new accommodation properties (under construction or being considered) were identified as part of this study. Six Halifax developments collectively represent an estimated 1,000 units. Furthermore, significant re-investment is underway or planned at five Halifax properties and the Rodd Grand Hotel in Yarmouth.

In today's competitive environment, it is imperative that Nova Scotia's tourism industry focus on providing quality experiences for visitors. Positive accommodation experiences contribute to the overall experience, Nova Scotia brand, length of stay and in distinct cases, singularly generate travel demand. TripAdvisor data for 1,220 Nova Scotia properties was acquired and

analyzed as part of this study to provide a consumer perspective on accommodations. This user-generated content provides important quantitative and anecdotal insights. Ratings vary considerably based on the four TripAdvisor property classifications. On average, the lowest rated property type was hotels (3.6/5). In contrast, B&B/Inns were the highest rated property type (4.3/5). Guests appeared to have higher expectations for hotels and held them to a higher standard. Many B&B/Inns scored a perfect or near-perfect five, whereas the 'best' hotel in Halifax scored 4.8. On a regional basis, Cape Breton quality tracked close to the provincial average although this region tended to have more properties at both the high end and the low end of the ratings. This consumer perspective suggests that although there are outstanding examples of Nova Scotia quality across all categories, there is clearly an opportunity to boost quality in Nova Scotia accommodations throughout the province, particularly in the hotel (which tends to include motels) and specialty lodging categories.

Key Market Features Relating to Nova Scotia Accommodations

Nova Scotia welcomed 2.24 million out-of-province visitors in 2016, the highest number of visitors in over ten years - a 14% increase since 2011. Higher yield markets from outside Atlantic Canada represented just over half of the province's visitors. Other Canadians, primarily from Ontario, represented 37% of all visitors – a 23% increase since 2011. Visitation from the US (10% of total visitors) increased by almost 30% between 2011 and 2016. Overseas visitation increased by 13% from 2011 to 2016, and accounted for 4% of all visitors in 2016. This increase in long haul visitation is encouraging as one of the four pillars of Tourism Nova Scotia's strategy is to invest in markets of the highest return, in support of the overall industry goal to reach \$4 billion in annual tourism revenues by 2024. For example, the province set ten-year targets for 2024 in specific markets including the US (+226%) and overseas (+288%).

Visitation patterns mirror the increasing compression of accommodation demand. The seasonality of visitation is becoming more acute, with the percentage of visits in July, August and September increasing from 43% in 2011 to 45% in 2016.

Tourism Nova Scotia has adopted Destination Canada's Explorer Quotient (EQ®) travel-value based segmentation model that categorizes markets based on their travel values, interests and preferences. The province's three priority EQ segments are: Authentic Experiencers, Cultural Explorers and Free Spirits. While all three priority segments value natural, beautiful coastlines and beaches; marine and wildlife viewing; and national/provincial parks – they differ in other important aspects (e.g., trip type, activities, and food and drink preferences). Their accommodations choices also vary. For example, Authentic Experiencers prefer country inns, B&Bs, hotels and other accommodations that allow them to connect with local history and culture. Cultural Explorers are adventurous travellers that enjoy accommodations that reflect the destination's personality. On the other hand, Free Spirits aspire to stay in high-end

accommodations but some will economize on accommodations in order to afford other high-end experiences.

Some of the important consumer trends impacting the accommodations sector reflect the growing popularity of:

- Creative and cost-effective re-design of traditional properties.
- Unique and creative destination properties.
- Quality at high end luxury properties.
- Intimate boutique hotels - both independent properties and ‘collections’ from major brands - offering personalized service and a lifestyle promise.
- Reflecting the local community in the property; and
- Glamping or luxury camping.

As noted earlier, Airbnb is a small but rapidly growing tourist accommodation alternative. Guests generally live independently in self-contained accommodations, yet derive the ‘local’ experience through immersion in neighbourhoods - often outside the main tourism areas. Furthermore, 90% of Airbnb guests rely on the platform as a means of saving money compared to hotels. Research also indicates that Airbnb guests have a higher opinion of the quality, comfort and cleanliness of their Airbnb rentals than they have for budget or mid-range hotels. This strongly suggests that quality initiatives are required to make some hotels more competitive.

Demand for Tourist Accommodations in Nova Scotia

Section 4 examines in detail the demand for licensed accommodations in Nova Scotia provincially, by tourist region, by type of property and for selected communities. The analysis in this section does not reflect sales at unlicensed properties within the sharing economy. Key measures considered were room nights available, occupancy rates and room nights sold. Data was analyzed for three separate periods: May to October; July, August & September; and annual. Community analysis focused on the May to October and July to September periods.

Province wide room nights sold totalled 2.69 million in 2016, an increase of 7% from 2011. Cape Breton dramatically outpaced this rate by threefold (+22%). Yarmouth and Acadian Shores room nights gained 21% - in large part due to the resumption of the ferry. Also posting room night increases were the South Shore (10%); Halifax (7%); and the Fundy Shore and Annapolis Valley Regions (2%). In contrast, Eastern Shore annual room nights sold declined by 12%.

Analysis was undertaken to understand the relationship between accommodation quality and performance. The general conclusion taken from this work is that higher quality properties (based on TripAdvisor ratings) consistently perform better than poorer quality properties in the

same property class. The most significant quality related performance improvement was in hotels and motels outside Halifax. The occupancy rate was 22 percentage points higher among high rated properties relative to the lowest rated properties in this category. It is noteworthy that this is also the group with the greatest quality gap between the best property group and the lowest rated property group (over 1 point on the 5-point TripAdvisor scale). The gap in Halifax hotel/motel performance was also notable – 21 percentage points. The occupancy rate gap for B&Bs was a modest 2 percentage points, although the TripAdvisor gap was the largest out of the 4 property types.

Selected Insights

Supply and Demand

Although trending up, the overall provincial annual occupancy rate remains modest (i.e. 52%), masking supply issues in specific communities, property types and time of year. The challenge with a provincial, or even regional perspective is exacerbated by universities. When universities and hostels are excluded, provincial annual occupancy rates increase to 57%. The filtering of universities can have an even more profound effect on regional performance. For example, Northumberland Shore occupancy rates increase 20 percentage points for July, August & September when universities are removed. Analysis suggested a muted market response to university accommodation. Despite a 29% increase in university room nights available, room nights sold only expanded 5%, suggesting that without significant marketing effort, the role universities will potentially play in accommodating future demand increases is moderate.

An additional 4,500-6,000 units will be needed when tourism revenues reach \$4 billion, having taken into account the 1,000 units currently planned or under development in Halifax. The magnitude of this required supply is considerable. New accommodation development will play an important role in achieving the Nova Scotia tourism industry's goal to double tourism revenues. This supply expansion will need to coincide with increasing demand to ensure financial sustainability. Accommodation development must be balanced with investment in product development, strategic marketing, etc. Our in-depth quantitative accommodation demand analysis points to promising opportunities for targeted investment in supply as outlined below.

Three Cape Breton 'destination communities' registered high occupancy rates in the July, August and September season denoting potential capacity issues during this period:

- Inverness and area
- Ingonish and area; and
- Cheticamp and area.

In the peak season, these communities surpassed their supply constraint threshold whereby business is being lost to the local area and in extreme cases the province (e.g., tour operators are

unable to assemble a tour to meet client requirements). The solid performance in these three communities suggests opportunities for expansion, however, peak season supply constraints are unlikely to translate to financial viability without solid shoulder season activity.

Two communities that are approaching the potential capacity issue threshold are Baddeck and area; and Lunenburg, Mahone Bay and area. Activity at these two communities should be monitored closely, as trends and market conditions suggest they may soon experience supply constraints.

Halifax is a healthy market that eventually self-corrects and grows incrementally in tandem with demand. In Halifax, the July to September 2016 occupancy rate (excluding universities) was over 85% indicating a potential supply/demand imbalance. Strong performance and reduced seasonality in this market makes it attractive for new capacity – evidenced by the six developments representing approximately 1,000 rooms under various stages of construction/consideration.

Although the fundamentals are strongest in these five communities, potential new accommodation opportunities are not limited to those noted above. An experienced and savvy operator can identify other opportunities that are to some extent generating new demand, associated with a new demand generator or filling unmet demand.

Demand at Inns/B&B Inns showed the highest relative increase among all property types between 2011 and 2016 - a 22% jump in room nights sold. This is likely a reflection of their appeal to growth market segments. This assertion is supported by key informant interviews and literature suggesting that boutique inns are growth opportunities for Nova Scotia.

The growing popularity of glamping or luxury camping presents a niche opportunity for Nova Scotia operators. These innovative camping experiences are attractive for operators because of their relatively low investment. Luxury camping accommodation structures can also be a more financial viable alternative to expand seasonal accommodation capacity in an existing accommodation operation.

Notwithstanding the potential accommodation expansion opportunities noted above, there remains a considerable gap to bridge in reaching the 4,500 – 6,000 new accommodation unit requirement. In light of the growing popularity of Airbnb, a portion of this gap will be closed by an increased supply of sharing economy accommodation. This dynamic supply is well suited to the challenges facing the accommodations sector including seasonality and access to capital.

Quality

Occupancy analysis is important, but it doesn't tell the entire story. Occupancy rates must be contextualized with quality; destination appeal and local synergies with food, attractions, etc. Efforts to 'guide' visitors to areas with low occupancy rates, irrespective of quality considerations will not be sustainable, and ultimately counterproductive.

The consumer perspective provided by TripAdvisor suggests that although there are outstanding examples of Nova Scotia quality across all categories, there is clearly an opportunity to boost quality in Nova Scotia accommodations throughout the province, particularly in the hotel (which tends to include motels) and specialty lodging categories. Cape Breton quality tracked close to the provincial average, although this region tended to have more properties at both the high end and the low end of the ratings. It is important to bear in mind that there is no evidence to suggest that Nova Scotia is any worse than other provinces.

The above noted quality deficiencies were consistent with key informant interviews. Accommodation quality concerns were systemic. Beyond a select group of properties in the province that are seen to deliver exceptionally high-quality, much of the province's accommodation is tired and in need of major upgrades – particularly décor, furnishings, linens, and fixtures. This was a common theme, regardless of location, tenure or operator sophistication. These challenges are amplified, given the province's focus on higher end visitors in the out-of-region priority Explorer Quotient segments who demand high-quality accommodation experiences.

The strong correlation between quality and occupancy rates for hotels and motels, suggest better returns would be realized when initiatives are directed at lower quality establishments among these property types. The lower correlation for B&Bs and cottages and cabins would seem to indicate a lower priority for quality initiatives among these properties. Nightly rates and yield management are not reflected in the available data and are therefore beyond the scope of this analysis. Quality initiatives could generally be expected to support operators in improving yield, regardless of property type.

Fortunately, some of the quality gap could be closed with minor resource adjustments. For example – cleanliness and basic service issues do not require expensive fixes. Higher but still potentially moderate investments would fall in the categories of décor, furnishings, linens and fixtures.

Seasonality

Seasonality was identified throughout this study as a root impediment to financial viability, reinvestment, staffing and quality enhancement. Seasonality is a long standing, complex, and multi-faceted issue that is not unique to Nova Scotia. This challenge is growing as the province experiences increased compression in demand. For example, in 2011, July to September room nights sold accounted for 38.6% of annual demand, while this share grew to 40.7% by 2016. Demand in the province is very seasonal, most notably outside Halifax. Many of the province's first-time out-of-region pleasure visitors naturally gravitate to the peak season, so complementary and sustained efforts will be required to encourage visitation outside this period. Seasonality will require a dedicated strategy. Addressing this issue has the potential to advance the viability of Nova Scotia properties and allow them to build a stronger business case to support property reinvestment and quality upgrades.

A basic approach to address seasonality is to grow the season at the margins, incrementally in markets where demand can be cost effectively triggered. The risks from this approach are also relatively lower for the operator who can open earlier or tag on expenses to the end of their ordinary cycle, rather than ramping up for a portion of the year when they are ordinarily shut down. Accommodations are generally not a demand generator so local attractions, parks, restaurants, experiences, communities and other partners must be engaged. There are market opportunities in the shoulder seasons, particularly mid-late fall (into early November) but this requires a coordinated effort by all players.

It is fundamentally important to address seasonality considering the \$4 billion goal. Without a robust extended season, it is not financially viable to develop the types and volume of accommodations required to meet the increased demand that will occur as the province moves towards the \$4 billion mark.

Strategic Options for Moving Forward

A range of potential interventions were identified to align the accommodations sector with current and future demand in the context of the \$4 billion tourism goal. Achieving this goal will involve a combination of more, higher yield visitors, and greater average spending by all visitors. As outlined above, significant new accommodation supply will be required to house the new visitors. And with new higher yield visitors, there will be an expectation for high-quality accommodation experiences.

Better accommodation quality will attract better rates – helping to close the gap on \$4 billion. More effective use of existing capacity – by shifting demand around the province, and expanding the season – will advance the needle, without new capital investment. A combination of all these measures will be required to reach \$4 billion. Finally, more alternative accommodations will help address peak season capacity issues.

The complex challenge of aligning accommodation supply with the \$4 billion tourism revenue goal requires a system wide holistic approach, and participation from accommodations operators, industry leaders, as well as other service providers within the tourism industry. The challenges facing accommodation operators are numerous and interrelated - including seasonality, financing, succession planning and meeting the service expectations of discriminating guests.

Programming

There are a range of programs and funding opportunities available to support Nova Scotia tourist accommodations in specific areas of financing, operation, etc. These efforts could be better leveraged to promote awareness and uptake of existing programs among accommodation operators, including use of the companion stand-alone report *Inventory of Funding Opportunities and Support for Tourist Accommodations*.

Access to Capital

Despite a range of investment sources to support accommodation investment – both private and public, tourism representatives generally see financing as impractical and less accessible due to the unique challenges of the industry, while lenders are not always sensitive to these matters. This challenge is exacerbated when tourism investments are being held to the same metrics as other sectors (e.g., information technology, green energy and manufacturing). Foremost among these challenges is seasonality and the misalignment of cash flow and monthly financing charges; and the longer repayment terms required for accommodations. Moreover, the share of equity needed to attract bank financing is challenging – 60%, according to interview participants. For older and lower valued properties, this ratio may not even attract the threshold of lending needed to reinvest in anything other than new linen. A range of initiatives are outlined to address this complex issue.

Funding Opportunities: Expansion

Expansions that improve the overall viability of an accommodation property, while meeting demand, market, quality and other criteria should be considered for support. A number of conditions to be assessed were outlined including:

- Peak season occupancy rates approaching 90% or more and turn-aways at the property.
- Quality operation – as evidenced by consumer reviews.
- Significant local and regional destination appeal, including non-peak season activity; and
- A quality offering that aligns with Tourism Nova Scotia’s priority market segments.

Funding Opportunities: Major Upgrades

Upgrading can be a cost-effective way to improve the overall viability of an accommodation property, while addressing quality issues, and should be considered for support. The overall strategic approach should be to strengthen properties that clearly have solid potential to improve their viability and to satisfy the expectations of new markets. Importantly, upgrading will also leverage under-utilized capacity as noted by the performance/quality correlation – particularly in hotels and motels. Beyond the issues related to viability as outlined above, two considerations were identified:

- Accommodation experience transformation – a re-design or total upgrade has been shown to enable a property to realign its offering with the demands of new high value consumers, while improving business viability; and
- There is an opportunity to develop a business case and concept design to catalyze accommodation make overs.

Funding Opportunities: Minor Upgrades

Relatively low-cost efforts that could go a long way to improving property quality include:

- Upgrade décor and soft goods to create an immediate and lasting impression. Furnishing, linens and drapes are a critical part of the visitor experience; and
- Expand the scope of Nova Scotia Approved to provide operators with more detailed and prescriptive feedback.

Funding Opportunities: New Supply

Supply expansion outside Halifax should be encouraged with a measured and strategic focus. Support for new property development should be considered under select conditions, including but not limited to:

- Evidence of capacity issues in peak periods (July to September) in the general area and in similar types and quality of properties (e.g., peak season monthly occupancy rates showing steady growth and over 85% for at least 2 – 3 years).
- Significant local and regional destination appeal, including non-peak season activity.
- Co-branding potential (e.g., winery, craft brewery and restaurant).
- A quality offering that aligns with Tourism Nova Scotia's priority market segments.
- Projects that diversify the accommodation offer in popular destination areas.
- Proponents that have appropriate experience and qualifications and a well-developed business plan and feasibility study; and
- Consideration of the net overall benefit to the region and other tourism businesses.

Improve Service Quality

High-quality service is necessary to encourage guests to return. Industry operators must exceed basic standards and visitor expectations. Quality contributes to both local and provincial brand equity, and catalyses return visitation. A range of possible initiatives to improve property quality were developed. These initiatives were generally seen to be cost effective at both the property and program sponsor level.

Seasonality

There is overwhelming agreement that seasonality is a critical issue. This is a complex challenge that must be addressed before industry viability is materially improved. Reduced seasonality will also make the industry more attractive to investors.

Nova Scotia's short season is an underlying issue that has a major impact on many aspects of the province's accommodations offering, and significantly impacts accommodation viability. The highly seasonal nature of Nova Scotia's tourism industry (outside of Halifax) is a major constraint to the development of new accommodation properties. High capital investment requirements, relatively low room prices (and low margins), staffing challenges, high operating costs, long market development times and difficulties obtaining financing combined with a 3 – 4-month peak season make the financial viability of the accommodations sector a challenge. Potential initiatives to address seasonality include:

- Seasonality is by no means unique to Nova Scotia, presenting an opportunity to use other destination efforts as instructive case studies.
- Seasonality is a complex problem that potentially requires significant resources to mitigate. Consider a pilot area to trial various measures, while building momentum.
- Addressing seasonality will require an all of government commitment, to leverage parks, historic sites, museums, attractions, transportation access and marketing.
- Nova Scotia Communities, Culture and Heritage's new festival and event strategy is expected to highlight festivals that will extend the season and attract high value audiences; and
- Implicit in any efforts to materially mitigate seasonality is additional marketing emphasis on the shoulder and winter months.

Business Skills

Interviews and a TripAdvisor scan suggest opportunities to build business skills among owners and operators as well as employees. Possible initiatives were presented to address this important matter.

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1 INTRODUCTION

1.1 Context

Tourism plays a major role in Nova Scotia's economy. Most recent estimates place the value of the province's visitor economy at \$2.6 billion (2016 preliminary estimate), contributing well over \$700 million to provincial gross domestic product and accounting for two percent of all provincial economic activity. The accommodations sector is responsible for roughly 15% of these revenues. Having the right types of accommodations in locations around the province helps distribute other types of tourism spending throughout communities, generating critical economic activity in rural areas.

The 2014 One Nova Scotia Coalition Collaborative Action Plan highlighted tourism expansion as an opportunity. Goal 14 stated "As Nova Scotia's leading source of service sector exports, gross business revenues from tourism will reach \$4 billion". This is roughly double the level at the time.

This study seeks to identify the accommodation-related opportunities and constraints that must be acknowledged and addressed if the province is to realize its aspirational goal to reach \$4 billion in tourism revenues by 2024. This study recognizes that vibrant, quality and market-responsive accommodation infrastructure is essential to unlocking growth opportunities with high yield out-of-region visitors, and helping to make the \$4 billion goal a reality.

Clearly, the status quo will not generate the growth required to achieve the goal of \$4 billion in revenues. There is recognition that uniform growth in all market segments is neither practical nor desirable. This growth must come from more lucrative segments. These high value visitors have expectations and demands that must be acknowledged in a market-driven approach to growing tourism in Nova Scotia.

The study recognizes the imperative to adjust to constantly evolving consumer trends and preferences, ensuring that the supply of accommodations continues to meet the demand and expectations of visitors. This includes elevating quality standards and offering the right mix of properties, but it also means keeping up-to-date with travel trends such as the increasing use of the sharing economy (e.g., Airbnb and VRBO) and the use of online travel review websites (such as TripAdvisor). The dynamic and responsive sharing economy is playing an increasingly important role in delivering the types of accommodations experiences visitors are seeking, while alleviating pressure points during peak periods.

1.2 Overall Study Objectives

Conduct a comprehensive analysis of Nova Scotia tourism accommodation supply and demand to position the Nova Scotia industry within the larger context of North American tourism trends and consumer preferences thus providing decision-makers with a framework to inform future investments. The specific objectives under each of the key study theses are outlined as follows:

1.2.1 Tourism Profile

Profile the size, scale and nature of tourism in Nova Scotia as it relates to this accommodation needs assessment as follows:

- Profile Nova Scotia roofed accommodations by property type, size, quality, and geography. Provide an overview of licensed camping accommodations in the province.
- Profile visitors to Nova Scotia by characteristics such as origin, length of stay, trip purpose, spending, demographics.
- Profile and analyze accommodation demand by factors such as property type, size, quality, geography and seasonality; and
- Examine accommodation capacity to host large conventions, business retreats and festivals/events.

1.2.2 Dynamic Analysis of Accommodation Supply and Demand

Outline the strengths and weaknesses of the Nova Scotia tourist accommodations sector including:

- Concentrations and gaps.
- Over-supply/under-supply.
- Impact of visitation trends and evolving market expectations; and
- Profile and analyze accommodation quality using consumer generated reviews.

1.2.3 Setting the Larger Context

Establish the larger context for a forward-looking perspective on Nova Scotia's accommodation requirements in the context of the \$4 billion goal.

- Assess tourism trends and their impact on accommodations now and into the future.
- Assess Nova Scotia's accommodation requirements in the context of the province's high yield target market segments (including the three priority Explorer Quotient¹ segments); and
- Identify accommodation challenges and opportunities in the context of priority markets and evolving demand.

¹ Refer to https://tourismns.ca/sites/default/files/2015_tians_eq_session-anna.pdf for more information on Explorer Quotient.

1.2.4 Strategic Options for Moving Forward

Identify and elaborate on opportunities to align the accommodations sector with current and future demand in the context of the \$4 billion tourism goal. Specific areas of interest included:

- Assess the alignment of the province’s accommodations (both traditional and alternate) with current and future demand. Specify market and development opportunities, as well as new or updated development requirements.
- Comment on accommodation supply as it relates to the \$4 billion tourism revenue goal; and
- Outline possible intervention for government to consider in supporting overall tourism industry growth, relative to the strategic role that accommodations play.

1.3 Methodology

The methodology for the development of the Tourist Accommodation Needs Assessment included an extensive review of secondary resources (both independently sourced and Tourism Nova Scotia supplied), background analysis, market research and numerous sector specific reports. Partner strategies and plans were consulted to guide strategic alignment. These documents included:

- Tourism Nova Scotia Strategy, Doubling Tourism Revenues: Transforming Tourism in Nova Scotia – 2016.
- Tourism in the New Economy, Doubling Tourism Revenues in Nova Scotia. McKenzie Strategies – 2015.
- Repositioning Tourism in the Nova Scotia Economy. TIANS – 2015.
- Sharing Economy and Tourism. Tourism Nova Scotia presentation – 2016.
- Airbnb and Hotel Performance. STR - 2017; and
- The Future of Hospitality Entrepreneurship. Skift – 2017.

Summary findings from this initial phase were used to inform key informant expert and strategic partner interviews. During this research, over twenty individuals were interviewed including destination marketing leads, accommodation operators, industry associations, travel trade representatives and government officials. The full list of the key informants interviewed is detailed in Appendix A. These in-depth interviews covered a range of themes integral to this study including: accommodation quality and market alignment, tourism trends impacting accommodation demand, specific supply gaps, factors constraining growth, among others. The interview guide is available in Appendix B.

Tourism Nova Scotia commissioned an Airbnb ‘scrape’ of Nova Scotia host activity in the summer of 2016. The resulting database of 13,700 records was provided to enable profiling and quantifying of this element of the Nova Scotia sharing economy.

An in-depth historical trend analysis was conducted over a six-year period, using custom tabulations of Tourism Nova Scotia's accommodation supply and demand data bases. Analysis themes include the province overall (both inclusive and exclusive of universities and hostels), tourism regions, property type and fifteen communities targeted for in-depth analysis, among others. To the extent possible, forward looking trend analysis for accommodation supply and demand was performed, with consideration given to the \$4 billion tourism goal. Details of the modelling approach and related assumptions are detailed in Section 5.6.

TripAdvisor quality data for Nova Scotia accommodations was acquired and analyzed through a custom scrape of selected fields for all Nova Scotia (1,300) properties listed on the website as of January 2017. The raw data enabled the calculation of a precise quality rating for three of the four categories (hotels, B&B/Inns, and specialty lodging). The vacation rental category did not provide the more granular quality data. This refined analysis was accomplished by calculating a weighted average of the 'Star Rating' using the number of reviews in each of the five categories (excellent (5), very good (4), average (3), poor (2) and terrible (1)) to calculate an average between 1.00 and 5.00. The calculated average allowed for more gradation in comparing composite property reviews, facilitating a more nuanced analysis of the relationship between quality and performance. This analysis was supported through custom occupancy tabulations of selected licensed properties by Tourism Nova Scotia.

A working session was held with members of the steering committee, other government officials and a TIANS representative to further explore findings to date and examine the strategic implications of the study. The objectives of the session were to 1) test and refine strategic insights; 2) develop options to address identified opportunities and challenges to improve accommodation alignment with the new Tourism Strategy and the associated \$4 billion goal; and 3) provide insight into how government and partners can best assist the overall tourism industry in Nova Scotia, paying particular attention to the strategic role that accommodations play.

1.4 Underlying Premise

Foundational to this study is the underlying premise that a well-founded and strategic approach to enhancing the accommodations sector will help attract more resources. A more vibrant accommodations sector will ultimately support operators and organisations across the tourism industry to acquire more resources and investment for product development, marketing and training to collectively grow tourism revenues in the province. Having the right types of accommodations in locations around the province will act as a catalyst to more widely distribute other types of tourism spending throughout communities, generating critical economic activity in rural areas.

2 INVENTORY AND PROFILE OF ROOFED ACCOMMODATIONS AND CAMPGROUNDS

2.1 Supply of Licensed Roofed Accommodations

In 2016 there were 821 licensed accommodation properties providing over 19,600 units in Nova Scotia. This represented a decline of 16% in the number of properties from 2011, with the number of units increasing by 3%. The stable supply of units overall is due to a 30% increase in the supply of licensed units at universities and hostels. This influx offset a decline in units in almost every other category of accommodation. It is important to note that the university units are only available during the May to August period.

Excluding universities and hostels, there were 804 licensed accommodation properties providing 14,700 units in 2016. Excluding universities and hostels, the number of properties declined by 16% between 2011 and 2016, and the number of units declined by 600 units or 4%.

Excluding universities and hostels, the average number of units per property increased slightly over the 2011 to 2016 period, from 16 to 18.

The decline in the number of licensed accommodation properties does not necessarily mean that all these properties have closed. Some (e.g., B&B's, cottages and cabins) may have opted to not be licensed and promote themselves through the sharing economy. No data is available on the extent of this shift, nor is there data on the total number of unlicensed properties and units available in Nova Scotia.

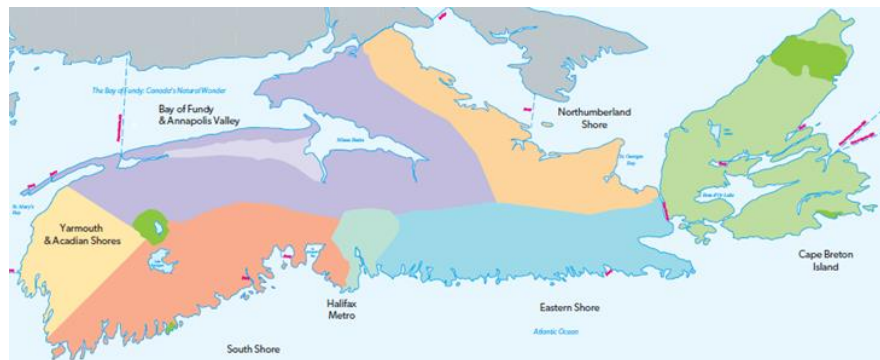


Figure 1: Nova Scotia Tourist Regions

Appendix C details the number of properties and units by type and by region, while the following sub-sections and their accompanying charts illustrate supply shifts by both region and accommodation type.

2.1.1 Distribution by Type

Most properties are cottages/cabins & tourist homes (32%) and B&Bs (27%). However, these properties are the smallest, with an average of 5 and 3 units respectively. The most significant decline in the number of properties and units was in the B&B category, with a decline of over

25% between 2011 and 2016. The number of cottage/cabin properties declined by 14% over this period, while the number of units declined by only 5%.

Most units are in hotels (38%), universities (25%) and motels (15%). The number of hotel properties and units remained fairly stable from 2011 to 2016. In the university and hostel category, there was a small increase in the number of properties (2), while units increased by almost 30%. This property type has the largest average number of units (288), reflecting the large inventory of units at universities.

The number of resort properties and units was stable between 2011 and 2016. Motels and Inns/B&B Inns had modest declines in both the number of properties and units.

Nova Scotia: Number of Licensed Accommodation Properties by Type - 2011 to 2016

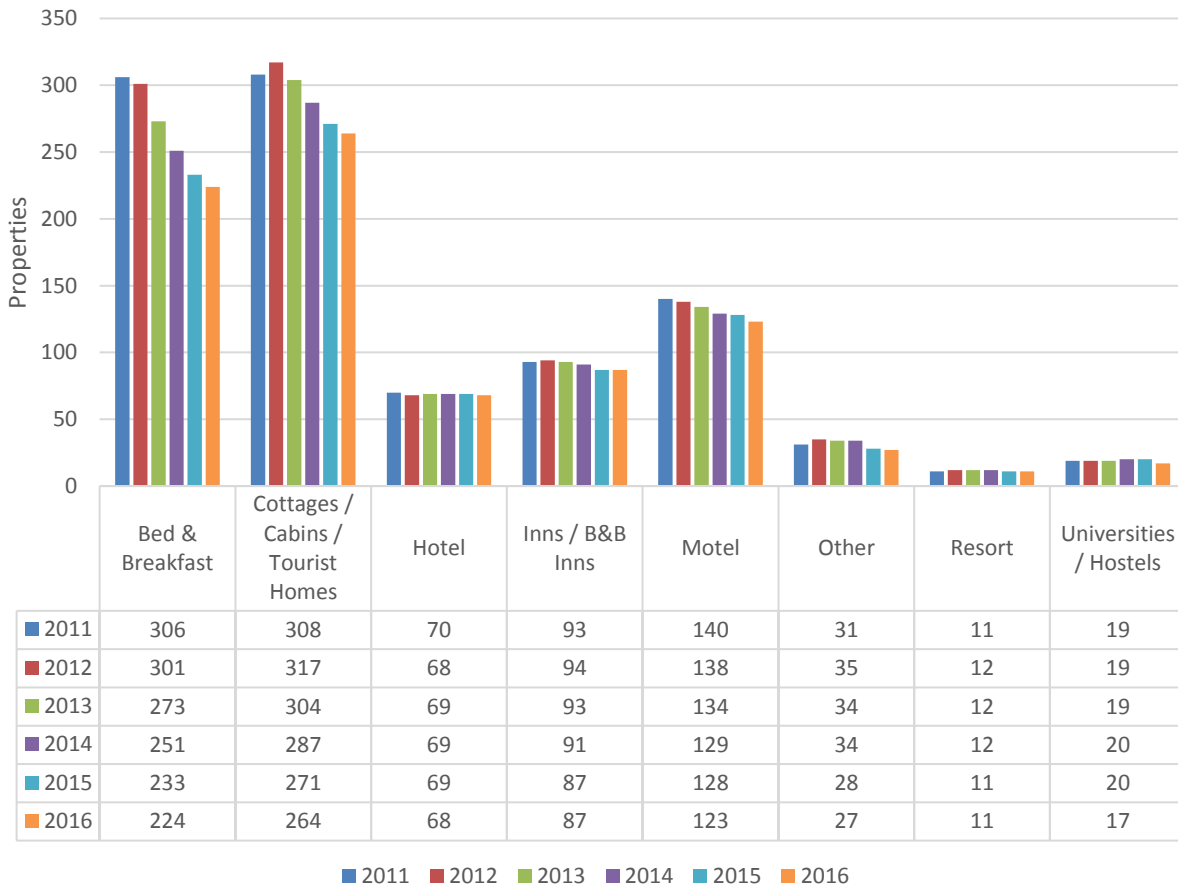


Figure 2: Nova Scotia: Number of Licensed Accommodation Properties by Type - 2011 to 2016

Nova Scotia: Number of Licensed Accommodation Units by Type - 2011 to 2016

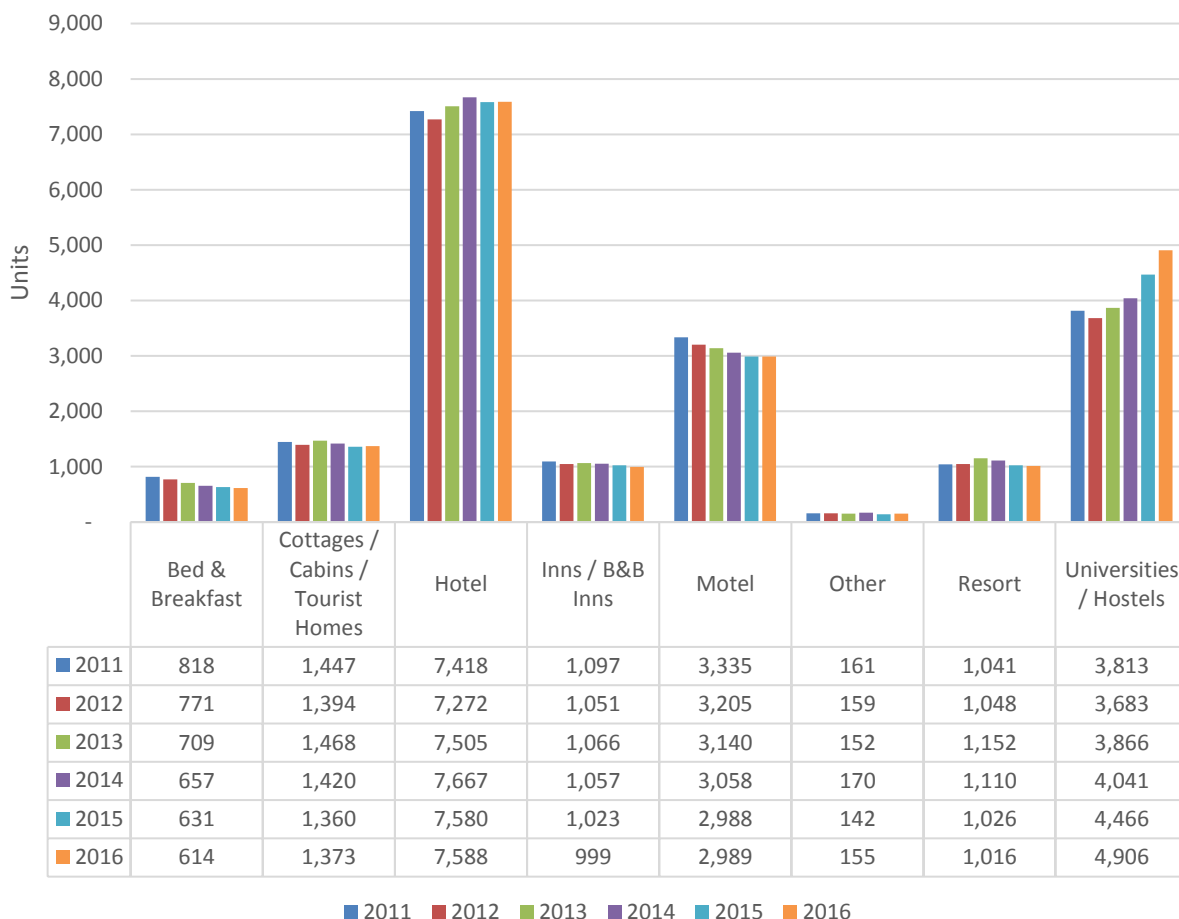


Figure 3: Nova Scotia: Number of Licensed Accommodation Units by Type - 2011 to 2016

2.1.2 Distribution by Region

Almost 40% of the province’s accommodation units are in Halifax Metro, with 18% in Cape Breton. Halifax only has 10% of the properties compared to 30% in Cape Breton. Properties in Halifax are, on average, much larger than those elsewhere in the province. In Halifax, the number of properties declined by 20% between 2011 and 2016, with a small decline in the number of units. In Cape Breton, the number of properties declined by 7%, while the number of units increased slightly.

The Eastern Shore had the lowest number of properties (36) and units (263). This region also experienced the most significant decline in the number of properties between 2011 and 2016 (-28%). The Northumberland Shore Region had a 21% decline in the number of properties but a

25% surge in units due to an increase in licensed units at St. Francis Xavier University. A similar pattern occurred in the Fundy Shore & Annapolis Valley Region. The number of properties declined, while the overall supply of units increased due to Acadia University. The South Shore Region had a significant decline in the number of properties (-25%) but a more modest decline (10%) in units.

Nova Scotia: Number of Licensed Accommodation, Properties by Region, 2011 to 2016

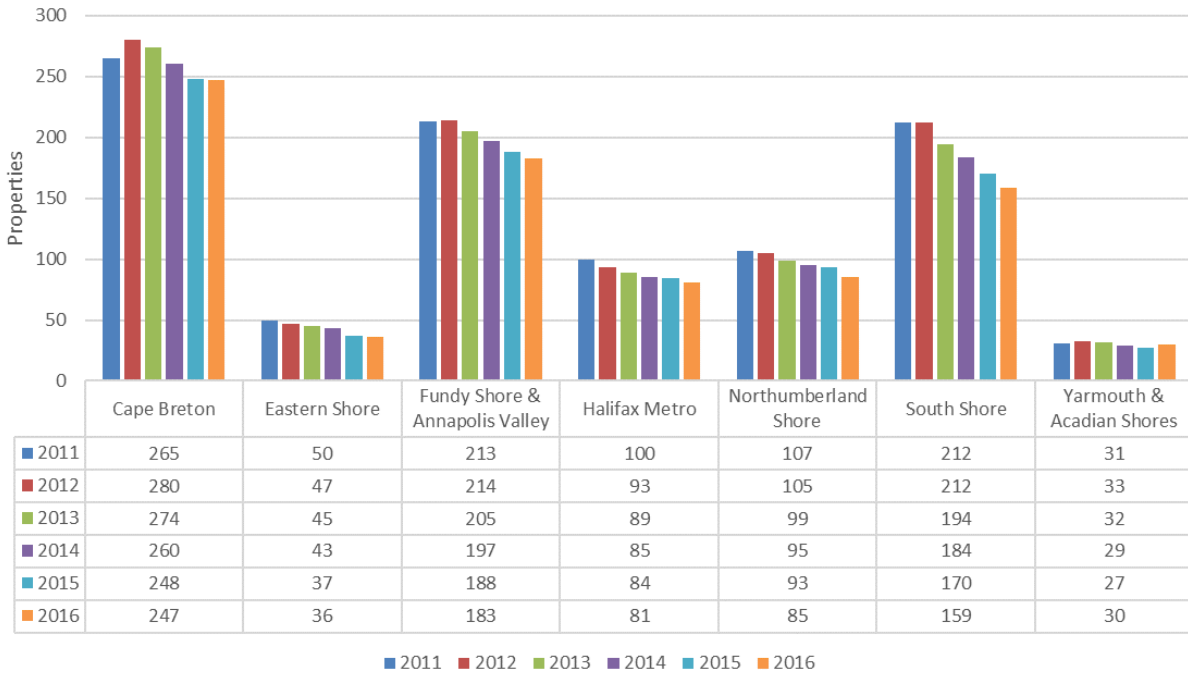


Figure 4: Nova Scotia: Number of Licensed Accommodation, Properties by Region, 2011 to 2016

Nova Scotia: Number of Licensed Accommodation, Units Region, 2011 to 2016

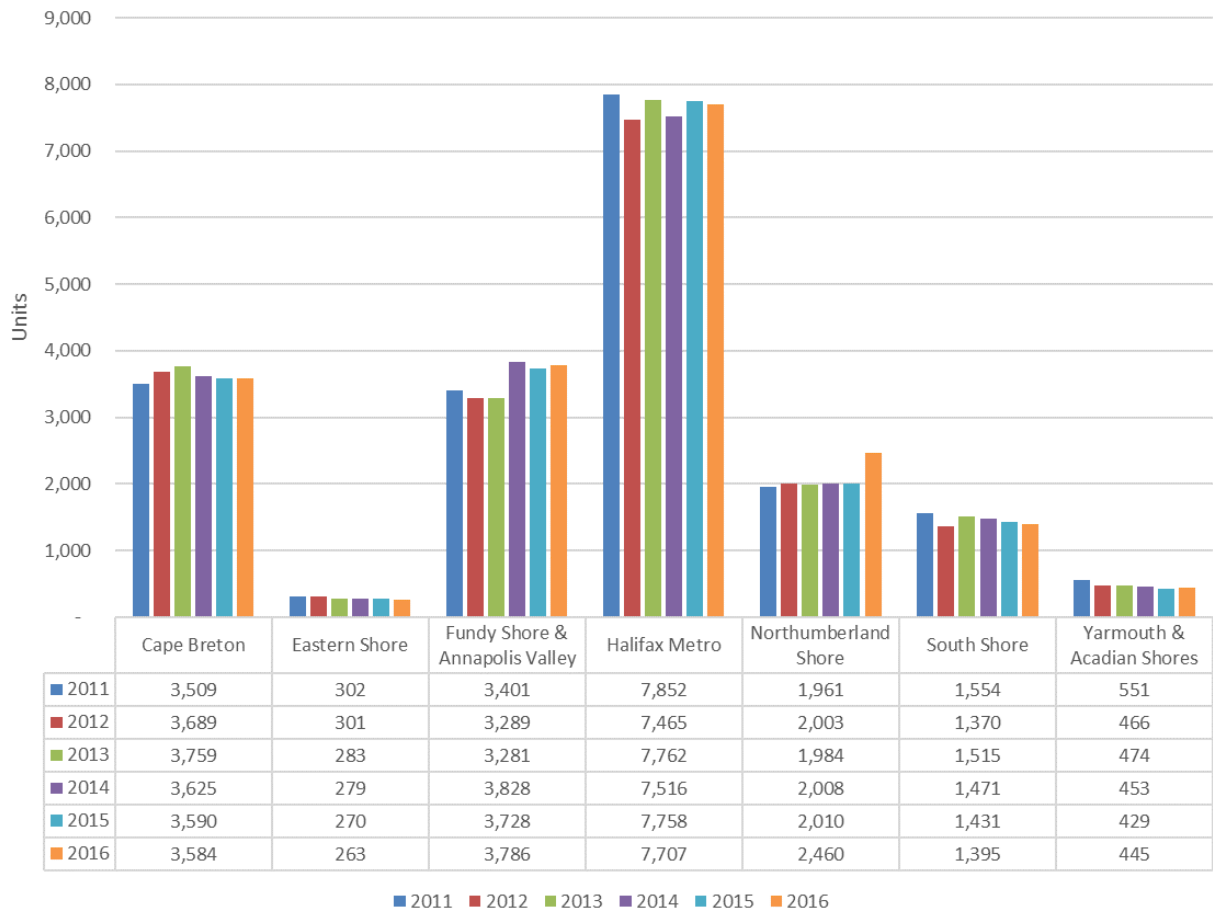


Figure 5: Nova Scotia: Number of Licensed Accommodation, Units by Region, 2011 to 2016

2.2 Supply of Licensed Campgrounds

In 2016, Nova Scotia had 142 licensed campgrounds, providing a total of 13,262 sites. This includes private campgrounds and campgrounds at National and Provincial Parks. Over 60% of these sites are considered short term sites, available for rent to transient travellers for short periods of time. All campsites at National and Provincial Parks are short term.

Across the province there are 4,800 seasonal sites which are typically rented out for the full season (a minimum of thirty nights according to the Tourist Accommodations Act). All seasonal sites are at private campgrounds and most of their clients are Nova Scotians.

The largest number of campgrounds and campsites are in the Fundy Shore & Annapolis Valley Region (45% short term sites and 55% seasonal sites). Cape Breton has 21% of all sites, with 73% of them being short term sites reflecting the camping facilities at Cape Breton Highlands National Park. The South Shore Region has 20% of all sites, with 43% of them short-term sites.

Table 1: Licensed Campgrounds Supply by Properties, Seasonal Sites and Short-Term Sites, 2016

Region	Number of Properties	Seasonal Sites	Short Term Sites	Total Sites
Fundy Shore & Annapolis Valley (including Halifax)	53	2,672	3,403	6,075
South Shore (including Yarmouth & Acadian Shore)	29	860	1,097	2,557
Eastern Shore	11	101	553	654
Cape Breton	34	774	2,067	2,841
Northumberland Shore	15	421	716	1,137
Total	142	4,828	8,436	13,264

2.3 Alternative Accommodations

As detailed in Section 3.4, Airbnb is one of many accommodations sharing platforms. However, with the largest inventory and highest profile, it is illustrative of the accommodations sharing economy. Keeping in mind that Airbnb listings are very dynamic, and trending up over time, there were 1,589 Airbnb hosts in the province in 2016². A supply profile follows, detailing Airbnb listings for urban Halifax and the remainder of Nova Scotia. Figure 6 maps the distribution of Airbnb listings across the province.

The accommodations sector of Nova Scotia's sharing economy is growing steadily. Accommodations marketed through the sharing economy are available throughout the province. These alternative accommodations were most heavily concentrated in Halifax. Nearly two in five (38%) Airbnb listings (2016) were in urban Halifax Region. Although the boundaries are not perfectly aligned, this roughly compares to 39% of licensed rooms in the Halifax Tourism Region. There is also a relative concentration of Airbnb offerings along the South Shore – particularly in Lunenburg County. Aside from the South Shore, Airbnb was well represented in other areas of the province – including parts of the Yarmouth and Acadian Shores, Annapolis

² Based on Tourism Nova Scotia analysis of a TNS commissioned scrape of the Airbnb website.

Valley, Northumberland and Cape Breton Regions. This strong rural presence is noteworthy in that literature regarding Airbnb generally emphasizes the urban aspect of Airbnb.

Table 2: Distribution of Nova Scotia Accommodation Supply by Tourism Region

Area	Number of Hosts	Share of Hosts
Urban Halifax	606	38%
Outside Urban Halifax	983	62%
Total	1,589	100%

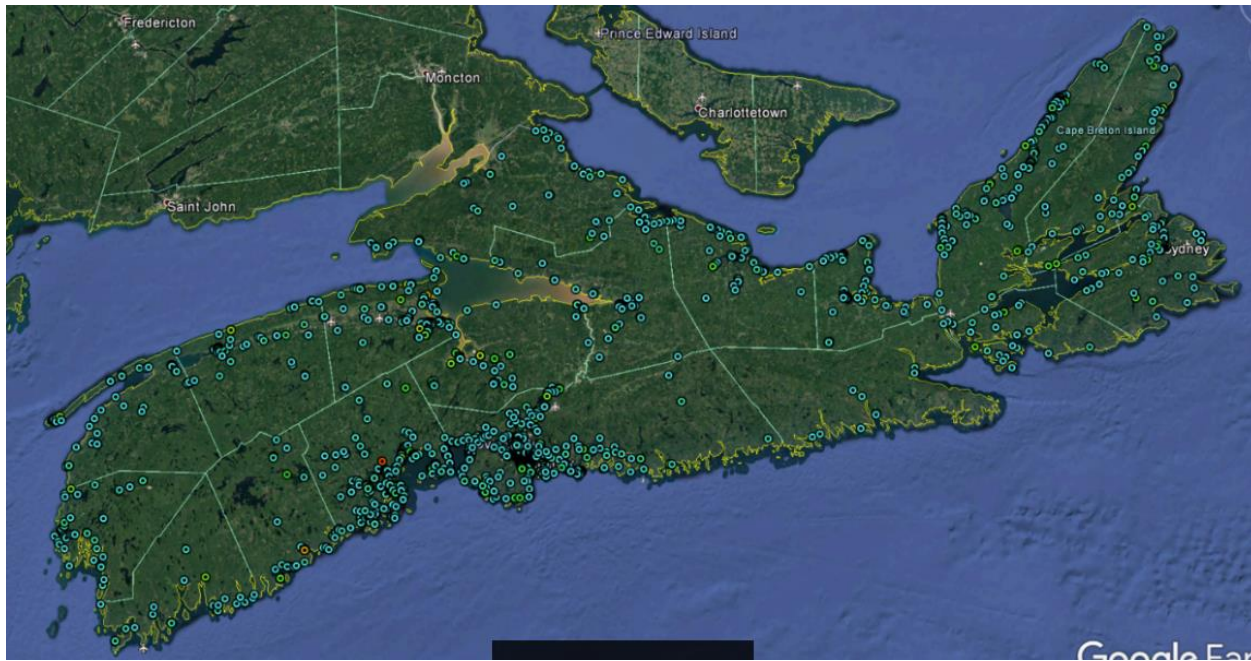


Figure 6: Nova Scotia Airbnb Listings

2.4 New Roofed Accommodation Supply

Several new accommodation properties (under construction or being considered) were identified as part of this study. These are all in the Halifax area, estimated at about 1,000 units in total:

- Crombie Development Lower Sackville;
- Queens Marque Luxury Boutique Hotel;
- Westwood Developments Boutique Hotel – Spring Garden Rd;
- Maristella Building and Boutique Hotel at Kings Wharf;
- Nova Centre Hotel at Convention Centre (200+ rooms); and
- Dartmouth Crossing (106 room Marriott Courtyard and 84 room Marriott Residence Inn).

In addition, re-investment in accommodation properties is underway or planned in Halifax at the Holiday Inn Express (Bedford), the Best Western Plus (Dartmouth), the Ramada Inn (Dartmouth), the Harbourview Holiday Inn and the Westin Halifax.

Outside Halifax, a \$2 million investment will refresh and modernize the guest experience at the Rodd Grand Hotel in Yarmouth.

There are undoubtedly other new accommodations and/or re-investment being planned or contemplated around the province that are either confidential or not widely known.

2.5 Quality Profile of Nova Scotia Accommodation

In today's competitive environment, it is imperative that Nova Scotia's tourism industry focus on providing quality experiences for visitors. An important element of the visitor experience is quality tourist accommodations. Positive accommodation experiences contribute to the overall experience, Nova Scotia brand, length of stay and in distinct cases, singularly generate travel demand. Quality is an imprecise construct uniquely shaped by the consumers' interpretation, expectations, values, etc. combined with the property experience and price. Property rating systems administered by 'expert' raters typically consider standard criteria such as cleanliness and state of repair (e.g., Nova Scotia Approved³). Canada Select⁴ categorization is based on the physical quality of the property, content of facilities, services and amenities provided. In contrast, TripAdvisor provides a consumer perspective on accommodations, among other travel-related experiences. This user-generated content sets TripAdvisor apart from more structured criteria-based expert assessments.

³ <http://www.nsapproved.ca/>

⁴ <http://www.canadaselect.com/how-we-rate>

The following table profiles 1,220 Nova Scotia properties listed on TripAdvisor. Eighty properties identified as closed according to Tourism Nova Scotia records were excluded from this analysis. The share and number of licensed properties in each property type and licence status is outlined below:

Table 3: Profile of Nova Scotia Accommodation Listings on TripAdvisor

Property Type ⁵	Licensed		Unlicensed		All properties	
Hotels	176	98%	3	2%	179	100%
B&B and Inns	331	89%	39	11%	370	100%
Specialty Lodging	181	82%	39	18%	220	100%
Vacation Rental	95	21%	356	79%	451	100%
Total	783	64%	437	36%	1,220	100%

Although there is clearly some subjectivity in application of categorization, the Trip Advisor guidelines for property type assignment are outlined to support interpretation as follows:

- Hotel
 - A front desk is open and staffed 24 hours a day, seven days a week.
 - Daily housekeeping is included in the room rate.
 - Private bathroom for each unit; and
 - Must not require guests to stay more than 3 nights.
- B&B and Inns
 - Daily housekeeping is included in the room rate; and
 - Must not require guests to stay more than three nights.
- Specialty Lodging
 - Special interest accommodations
 - Must not require guests to stay more than seven nights; and
 - Includes dorm style accommodation.
- Vacation Rental
 - Accommodations that are intended for one guest party at a time.

The TripAdvisor classification guidelines are clearly not aligned with the Tourism Nova Scotia property type categories or definitions; and are not nearly as detailed, or precise. Nonetheless, the property type analysis is highly instructive.

The TripAdvisor service includes a mix of licensed and unlicensed properties. Two-thirds (64%) of the Nova Scotia establishments listed on the website are licensed. The proportions vary

⁵ Property type refers to TripAdvisor classification – **not** Tourism Nova Scotia's definitions.

depending on category, with virtually all (98%) of the properties in the hotel category licensed. In contrast, only one in five (21%) properties in the vacation rental category is licensed.

The TripAdvisor rating for a property is useful in highlighting relative strengths and deficiencies. The associated TripAdvisor commentary is also important– both in influencing the purchase decision and providing practical insights into the quantitative rating. TripAdvisor is most useful in comparing similar properties (e.g., type, location and price range). For example – it is unhelpful to compare hotel and B&B ratings, as B&B’s tend to receive much higher ratings. Similarly, hotels in Halifax tend to be rated more stringently than hotels outside the city. Prices and expectations are likely among the important factors driving this phenomenon.

The following series of charts profile average TripAdvisor ratings within each of the four property type categories, by Tourism Region, while comparing licensed and unlicensed properties separately⁶.

⁶ Properties with fewer than ten reviews are included to increase the number of properties available for this analysis.

2.5.1 Quality: TripAdvisor Hotel Category

On average, the lowest rated property type was hotels (3.6/5). On a regional basis, ratings ranged from 3.5 in the Fundy Shore and Annapolis Valley; and Yarmouth and Acadian Shores to 3.8 in Halifax. The Eastern Shore registered 2.3, but should be interpreted with caution due to very small numbers (3). The three unlicensed hotels were not included in this analysis due to insufficient numbers.

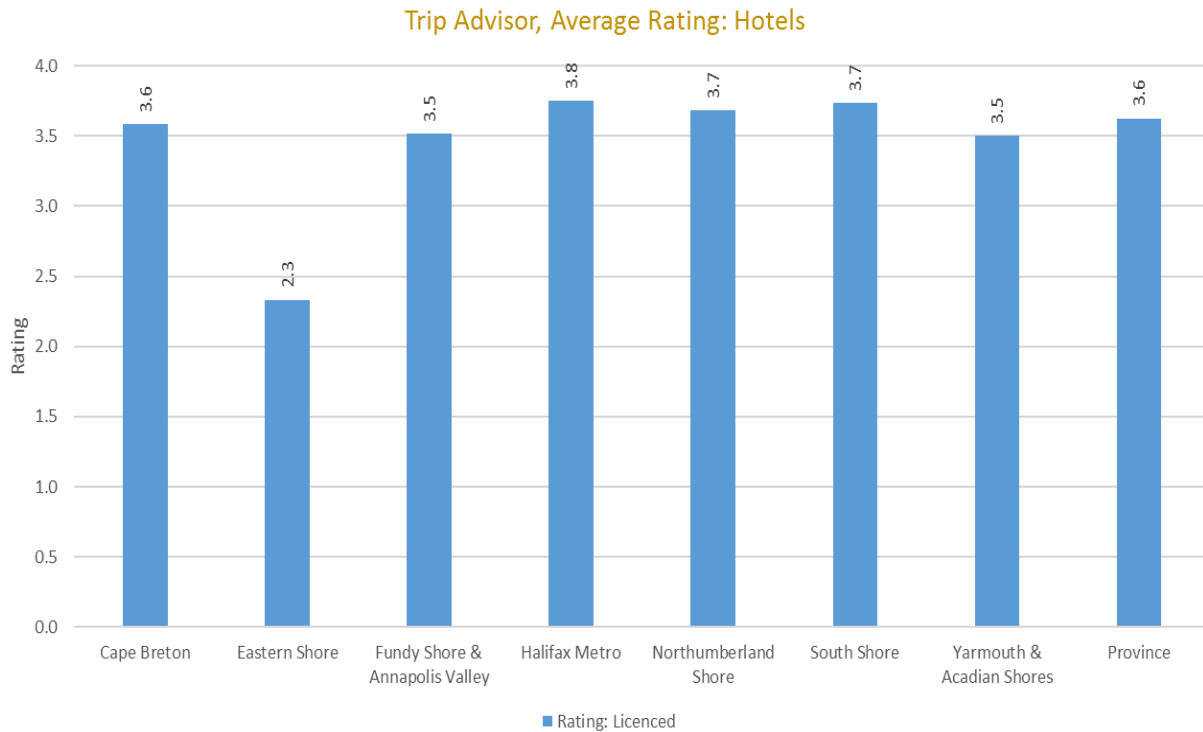


Figure 7: Average TripAdvisor Rating by Region: Hotels

2.5.2 Quality: TripAdvisor B&B/Inn Category

On average, B&B/Inns were the highest rated property type (4.3/5). Licensed B&B’s scored 4.3/5 versus 3.9/5 for unlicensed properties. Comparing licensed properties on a regional basis shows Yarmouth leading at 4.9/5 with the Eastern Shore averaging 4.1. Comparison of unlicensed ratings across regions is limited by the smaller number of properties and should be regarded with caution.

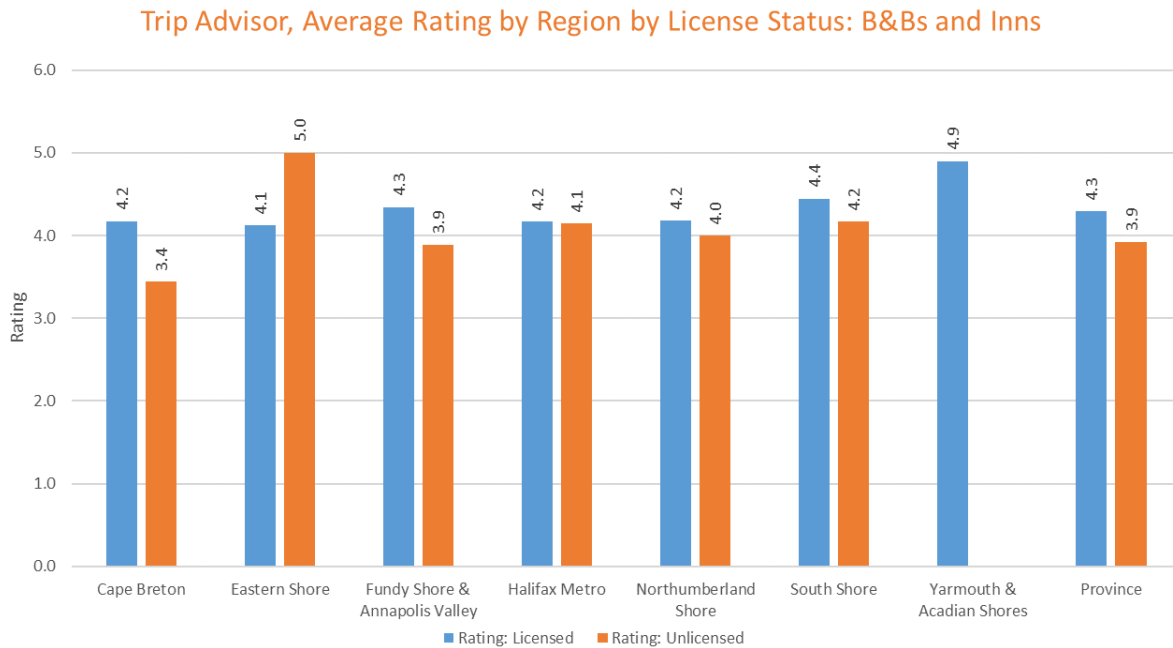


Figure 8: Average TripAdvisor Rating by Region: B&B’s/Inns

2.5.3 Quality: TripAdvisor Specialty Lodging Category

On average, specialty lodging (3.8) was the second lowest rated property type – scoring just ahead of hotels (3.6). Licensed properties consistently received higher ratings than unlicensed properties within a given property type. The most dramatic difference was specialty lodging where licensed properties received an average 3.8/5, compared to 2.9/5 for unlicensed. On a regional basis, average ratings for licensed specialty lodging ranged from 4.0/5 for the Fundy Shore and Annapolis Valley to the Eastern Shore at 3.0/5. Yarmouth and Acadian Shores (2) must be interpreted with caution due to small numbers. Comparison of unlicensed ratings across regions is limited by the smaller number of properties and should be regarded with caution.

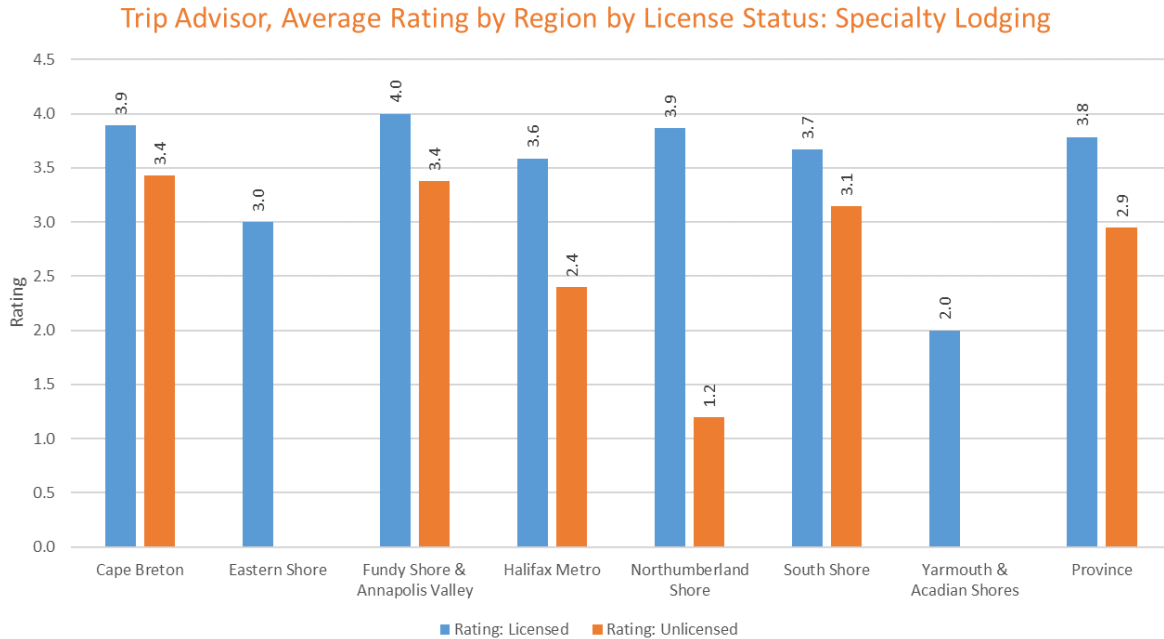


Figure 9: Average TripAdvisor Rating by Region: Specialty Lodging

2.5.4 Quality: TripAdvisor Vacation Rental Category

On average, the highest rated property type was vacation rental (4.7/5). As noted earlier, this TripAdvisor category included a higher proportion of unlicensed properties. For unlicensed properties, on a regional basis, Eastern Shore fared the best at 4.9/5, while Cape Breton was on the other end of the range at 4.5/5. The regional ratings for licensed vacation rentals were similar to unlicensed. Licensed vacation rentals in the Eastern Shore, Halifax Metro; and Yarmouth and Acadian Shores led the way at 5/5, with Cape Breton at the bottom with 4.5/5. There were no licensed properties in this category for the Northumberland Shore.

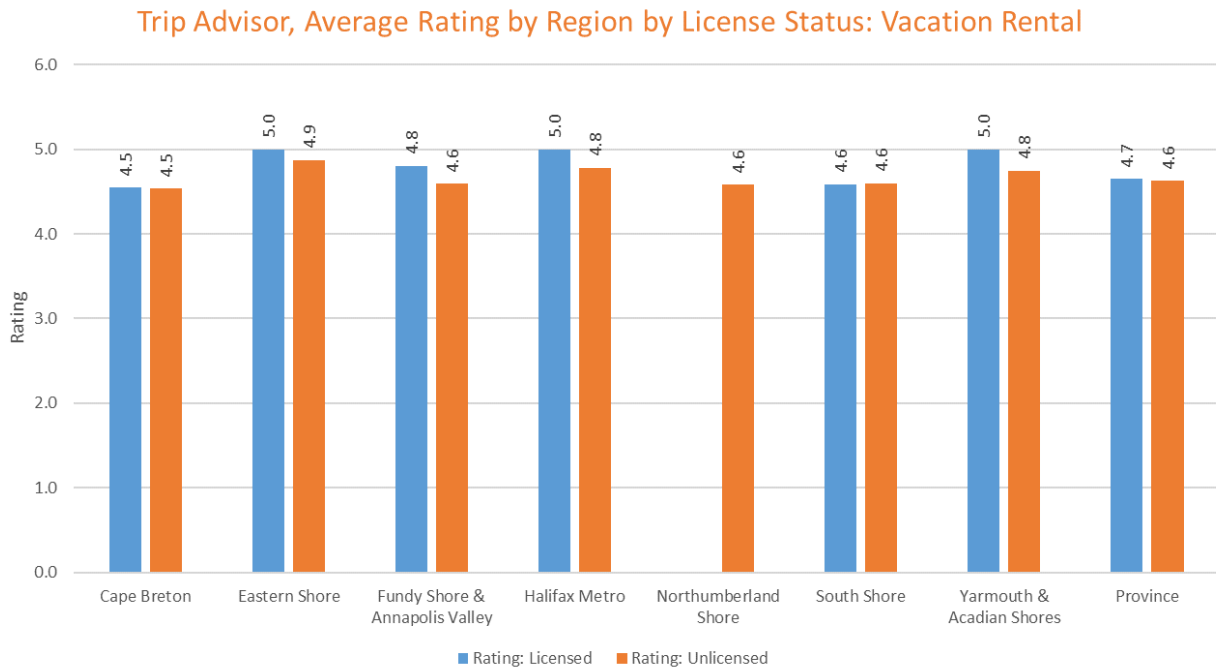


Figure 10: Average TripAdvisor Rating by Region: Vacation Rental

2.6 Quality Profile at the Property Level

This section catalogues the properties at the top of each of the four TripAdvisor categories. The delineation of high rated properties is valuable as these properties provide practical case study examples of best practices. In today’s competitive environment, it is important for Nova Scotia accommodations to focus on providing quality experiences for visitors.

In the case of the hotel category, separate profiles are presented for Halifax and non-Halifax properties due to the unique nature of the Halifax market. To ensure reliability, only properties that received ten or more customer reviews are included in the following profiles. Over two hundred (230) of the 1,220 properties had no customer reviews, with another 450 properties attracting between 1 and 9 reviews. Two Halifax hotels had over 2,000 reviews, while 36 properties had 500+ reviews.

It is important to note that TripAdvisor ratings are fluid. The profile presented was accurate as of January 2017. Ratings of individual properties are subject to change over time. Properties with fewer reviews, properties that experience substantive changes in quality and properties that undergo a management or ownership change are more likely to experience a marked shift in their TripAdvisor rating.

2.6.1 Quality Profile at the Property Level - Hotels

The Comfort Hotel Bayer's Lake distinguishes itself in a very competitive market with the highest rated 4.8/5 by a noteworthy margin. The significant number (1,102) of reviews also demonstrates a committed following among its customers.

Table 4: Top Twenty Hotels in Halifax According to TripAdvisor

Property	Rank	Number of Reviews	Average Rating
Comfort Hotel Bayer's Lake	1	1,102	4.80
Homewood Suites by Hilton - Halifax Downtown	2	653	4.56
Prince George Hotel	3	2,517	4.53
The Hollis Halifax - a DoubleTree Suites by Hilton	4	1,235	4.49
ALT Hotel Halifax Airport	5	699	4.46
Best Western Plus - Dartmouth Hotel & Suites	6	512	4.45
Hampton Inn & Suites by Hilton - Dartmouth	7	829	4.44
Courtyard Halifax Downtown	8	576	4.44
Cambridge Suites - Halifax	9	2,238	4.43
Holiday Inn Express & Suites - Bedford	10	75	4.34
Comfort Inn Halifax	11	230	4.33
Hampton Inn by Hilton - Halifax Downtown	12	756	4.32
Waverley Inn	13	513	4.29
Inn on the Lake	14	251	4.28
Chateau Bedford	15	279	4.27
The Halliburton	16	603	4.27
Hilton Garden Inn Halifax Airport	17	758	4.27
Holiday Inn Express Hotel & Suites Halifax Airport	18	411	4.26
Best Western Plus - Chocolate Lake Hotel	19	1,129	4.25
Coastal Inn Halifax	20	99	4.24

The Antigonish Evergreen Inn led all properties in the TripAdvisor Hotel category outside Halifax with an impressive 4.89 /5. The Evergreen also had a strong following with 529 reviews.

Table 5: Top Twenty Rated Properties Outside Halifax in TripAdvisor's 'Hotel'⁷ Category

Property	Rank	Number of Reviews	Average Rating
Antigonish Evergreen Inn	1	529	4.89
Kow's Inn - Bras d'Or	2	11	4.82
Seascape Coastal Retreat - Ingonish	3	260	4.79
Hampton Inn by Hilton Sydney	4	886	4.72
Burton's Sunset Oasis Motel - Bay St Lawrence	5	141	4.71
Red Cap Motel – Middle West Pubnico	6	41	4.66
Fox Harb'r Resort - Wallace	7	125	4.65
Best Western Plus Bridgewater Hotel & Convention Centre	8	285	4.64
Allen's Motel - Kentville	9	72	4.63
Cabot Links Resort - Inverness	10	259	4.60
Mackenzie's Motel and Cottages - Shelburne	11	156	4.59
Willow Bend Motel - Truro	12	258	4.59
Albert's Motel - Cheticamp	13	169	4.57
Mersey River Chalets and Nature Retreat - Caledonia	14	60	4.57
The Markland Coastal Beach Cottages - Dingwall	15	265	4.55
Best Western Plus Liverpool Hotel & Conference Centre	16	233	4.53
Lighthouse Motel – Lunenburg County	17	88	4.49
Basinview Motel – Smiths Cove	18	25	4.48
The Quarterdeck Beachside Villas and Grill	19	107	4.48
Trout Point Lodge of Nova Scotia - East Kemptville	20	161	4.46

Seven Halifax properties in the TripAdvisor hotel category were rated below 4.0. These tended to be much older properties that have seen little reinvestment. Given the evolving nature of real estate in Halifax, the owners may be eying other more lucrative development opportunities. Interestingly, six of these seven operators meet the requirements of one of the three quality programs recognized by Tourism Nova Scotia. In fact, three received a rating of 3 ½ stars.

⁷ Property type refers to TripAdvisor classification – **not** Tourism Nova Scotia's definition of a hotel.

The highest rated property in TripAdvisor’s ‘B&B and Inn’ category (and any category for that matter) is the Azelia Farmhouse B&B in Antigonish⁸. This property received 121 perfect guest ratings. The second ranked property in this category was Ann & Brian's Oceanview B&B in New Waterford, with 65 ratings of 5/5. Thirteen properties in the TripAdvisor ‘B&B and Inn’ category with ten or more reviews, received a perfect rating of 5. All of these properties are licensed.

Table 6: Highest Rated Properties in TripAdvisor's ‘B&B and Inn’⁹ Category

Property	Licensed	Number of Reviews	Average Rating
Azelia Farmhouse B&B - Antigonish	Yes	121	5.00
Ann & Brian's Oceanview B&B – New Waterford	Yes	65	5.00
A B&B by the River - Cleveland	Yes	53	5.00
1775 Solomon House B&B - Lunenburg	Yes	32	5.00
Port Morien Rectory B&B	Yes	30	5.00
The Weary Gardener B&B - Sydney	Yes	29	5.00
June's B&B By The Sea - Antigonish	Yes	28	5.00
Su Ben Bed & Breakfast – Little Brook	Yes	27	5.00
Apothic Inn - Amherst	Yes	26	5.00
Granvalley Bed & Breakfast – Granville Ferry	Yes	23	5.00
Candle Inn The Window – Berwick	Yes	17	5.00
High Tide Bed and Breakfast – Lower Economy	Yes	15	5.00
Water Wood B&B - Carleton	Yes	13	5.00
Country Stiles Bed & Breakfast - Nappan	Yes	91	4.99
The Wellshire Bed and Breakfast - Lunenburg	Yes	192	4.98
Phoenix Hollow - Windsor	Yes	281	4.98
By the Bay Bed and Breakfast – Glen Margaret	Yes	55	4.98
The Pebble Bed & Breakfast - Halifax	Yes	169	4.98
Guest Lovitt House B&B - Yarmouth	Yes	137	4.97
A Boat to Sea – North Sydney	Yes	34	4.97

⁸ Number of reviews was used as a secondary variable to delineate properties with identical average TripAdvisor ratings.

⁹ Property type refers to TripAdvisor classification – **not** Tourism Nova Scotia’s definition of a B&B or Inn.

Low ranking properties in TripAdvisor's 'B&B and Inn' category were located in all regions of Nova Scotia, although there was a higher concentration in Cape Breton. Nine of the twenty lowest rated properties in this group were in Cape Breton and all were licensed.

TripAdvisor's 'Specialty Lodging' category contains a range of properties (including campgrounds), but is primarily populated with cottages and cabins. The top-rated properties are well regarded with four receiving a perfect 5.00/5. The top ranked property in this category is Chimney Corner Coastal Cottages - Margaree Harbour. Six of the seven regions are represented in this top-rated group, with the lone exception being the Eastern Shore. Cape Breton is well represented on this list with seven properties. Three of these twenty properties are unlicensed.

Table 7: Highest Rated Properties in TripAdvisor's 'Specialty Lodging' Category

Property	Licensed	Number of Reviews	Average Rating
Chimney Corner Coastal Cottages - Margaree Harbour	Yes	19	5.00
Old Shipyard Beach Campground - Parrsboro	Yes	16	5.00
Sail Loft Cottage - Baddeck	No	12	5.00
Point Michaud Beach House - Lower L'Ardoise	No	12	5.00
Shangri-la Cottages - Truro	Yes	45	4.98
Namaste Esperanza Integrated Wellness Retreat - Newport Landing	No	30	4.97
Boulder Cove Cottages - Shelburne	Yes	24	4.96
Tranquil Times B&B - Annapolis Royal	Yes	57	4.94
Sandstone Bed & Breakfast - Little Harbour	Yes	28	4.92
Keltic Quay Bayfront Lodge - Whycomomagh	Yes	55	4.91
Lunenburg Oceanview Chalets	Yes	40	4.90
Seaside Cottages at Ginger Hill - Lockeport	Yes	64	4.89
The Zzzz Moose Camping Cabins - Englishtown	Yes	18	4.88
The Point Cottages by the Sea - Ingonish	Yes	72	4.87
Larinda's Landing Oceanfront Cottages – Boutilier's Point	Yes	105	4.86
Bear on the Lake Guesthouse - Whycomomagh	Yes	153	4.85
Roseway River Cottages - Shelburne	Yes	47	4.84
Driftwood Park Retreat - Advocate Harbour	Yes	73	4.84
Smith Rock Chalets - Scotsburn	Yes	12	4.83
Graham's Pioneer Retreat - Digby	Yes	69	4.82

Low ranking properties in TripAdvisor's 'Specialty Lodging' category were located in all regions

of Nova Scotia, with the exception of the South Shore. There was a notably higher concentration of lower rated properties in Cape Breton.

The limited number of properties with ten or more reviews in the ‘Vacation Rental’ category limited the profiling that was possible within this group. Thirteen properties in this category registered 5/5. All of these properties are unlicensed, with the exception of one - Bramble Lane Farm and Cottage - Kingston. All tourism regions are represented in this group, with the exception of the Eastern Shore.

Table 8: Highest Rated Properties in TripAdvisor's ‘Vacation Rental’ Category

Property	Licensed	Number of Reviews	Average Rating
Hubbards/Halifax Oceanfront Home	No	46	5
Sky View on LaHave Island. Above Trees/Ocean Views! - Lunenburg	No	25	5
Cliff Waters Vacation Properties – Pleasant Bay	No	21	5
Fabulous and Comfy Converted Church – Annapolis Royal	No	20	5
Surfs Up Oceanfront - Liverpool	No	20	5
The Boathouse Cottage – Eagle Head	No	18	5
Cosy Lake Cottage – Digby Neck	No	15	5
Stunning Secluded Oceanfront Home Near Lunenburg	No	15	5
Mill Creek Guesthouse - Canning	No	14	5
Stunning Sea Views at Starfish Cottage – Port George	No	14	5
Bramble Lane Farm and Cottage - Kingston	Yes	12	5
Scottish flavour Century Home - Digby	No	12	5
Modern style ocean front home - Inverness	No	10	5

3 MARKET CONTEXT

The following section outlines the market context for Nova Scotia’s accommodations sector. This includes an overview of activity for the sector, the economic context, priority market segments for Nova Scotia, relevant trends and other important factors such as the sharing economy and university tourist accommodation.

3.1 Tourism in Nova Scotia

An overview of industry activity and trends is provided in the sections below. Key themes include visitation, revenues, visitor origin, seasonality and transportation mode.

3.1.1 Visitation and Revenue

Nova Scotia welcomed 2.24 million out-of-province visitors in 2016, the highest number of visitors in over ten years. Visitation declined between 2012 and 2013 and started to increase in 2014 with annual growth of 3%, 6% and 8% in 2014, 2015 and 2016 respectively. Visitation to Nova Scotia increased 14% between 2011 and 2016. Comments from industry informants and advance bookings suggest continued growth in 2017.

In addition to non-resident visitation, Nova Scotians made some 2 million overnight trips around the province, and another 6 million same day trips. The preliminary estimate for total tourism revenue in 2016 is \$2.6 billion. Estimates will be updated as new information becomes available.

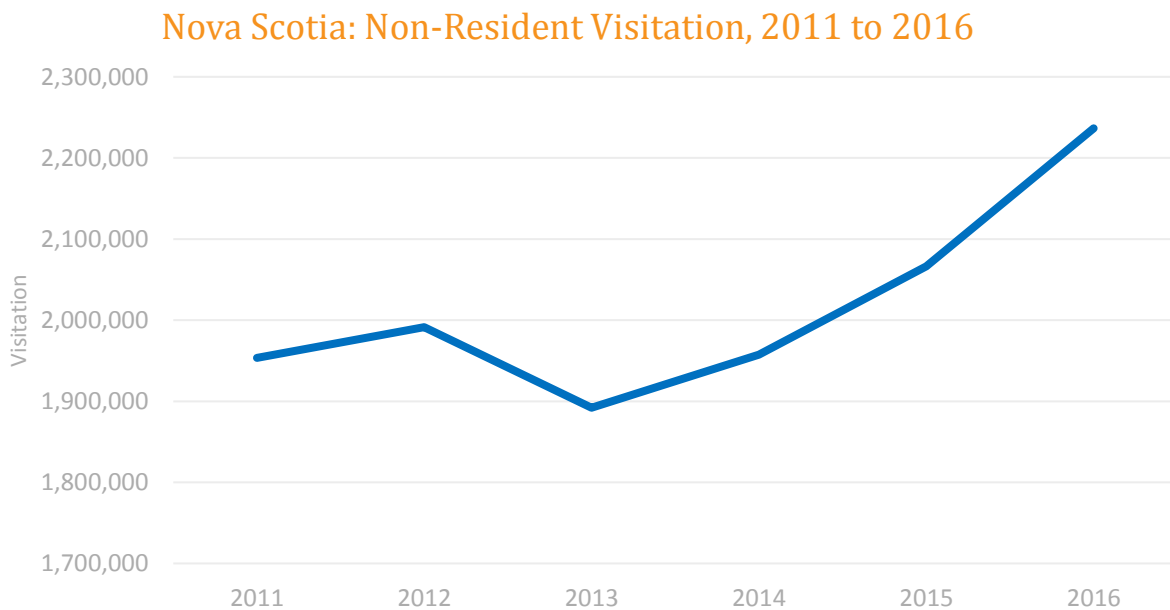


Figure 11: Nova Scotia: Non-Resident Visitation, 2011 to 2016

3.1.2 Visitor Origin

The chart following illustrates the number of non-resident visitors from key origin markets.

- Almost half of the visitors to Nova Scotia are from elsewhere in Atlantic Canada. Although Atlantic Canadians continue to represent the highest percentage of visitors, this proportion has declined by 5 percentage points in the past decade.
- Other Canadians, primarily from Ontario, represent a third of all visitors.
- Visitation from the US increased by almost 30% between 2011 and 2016, with a 40% increase in US visitors travelling from further away (outside New England and the mid-Atlantic); and
- Overseas visitation increased by 13% from 2011 to 2016 and accounted for 4% of all visitors in 2016.

Non-Resident Visitation by Origin, 2011 to 2016

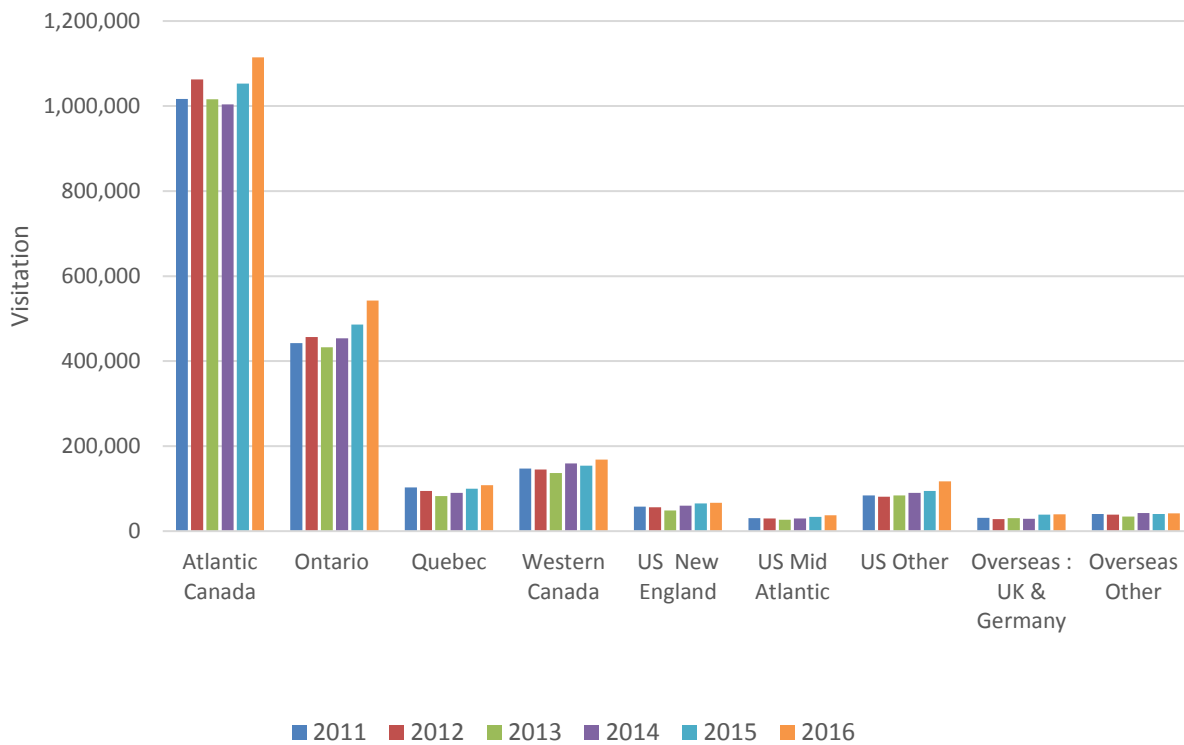


Figure 12: Non-Resident Visitation by Origin, 2011 to 2016

3.1.3 Seasonality

Non-resident visitation to Nova Scotia continues to be highly seasonal:

- Over 1 million visitors arrived in July, August and September in 2016, up 18% since 2011. This represented 45% of total visitation.
- The seasonality of visitation is becoming more pronounced, with the percentage of visits in July, August and September increasing from 43% in 2011 to 45% in 2016; and
- Visitation ranges between 16% and 20% of the annual total in the other three seasons (May/June (16%) January to April (19%) and Oct/Nov/Dec. (20%).

Non-Resident Visitation by Season, 2011 - 2016

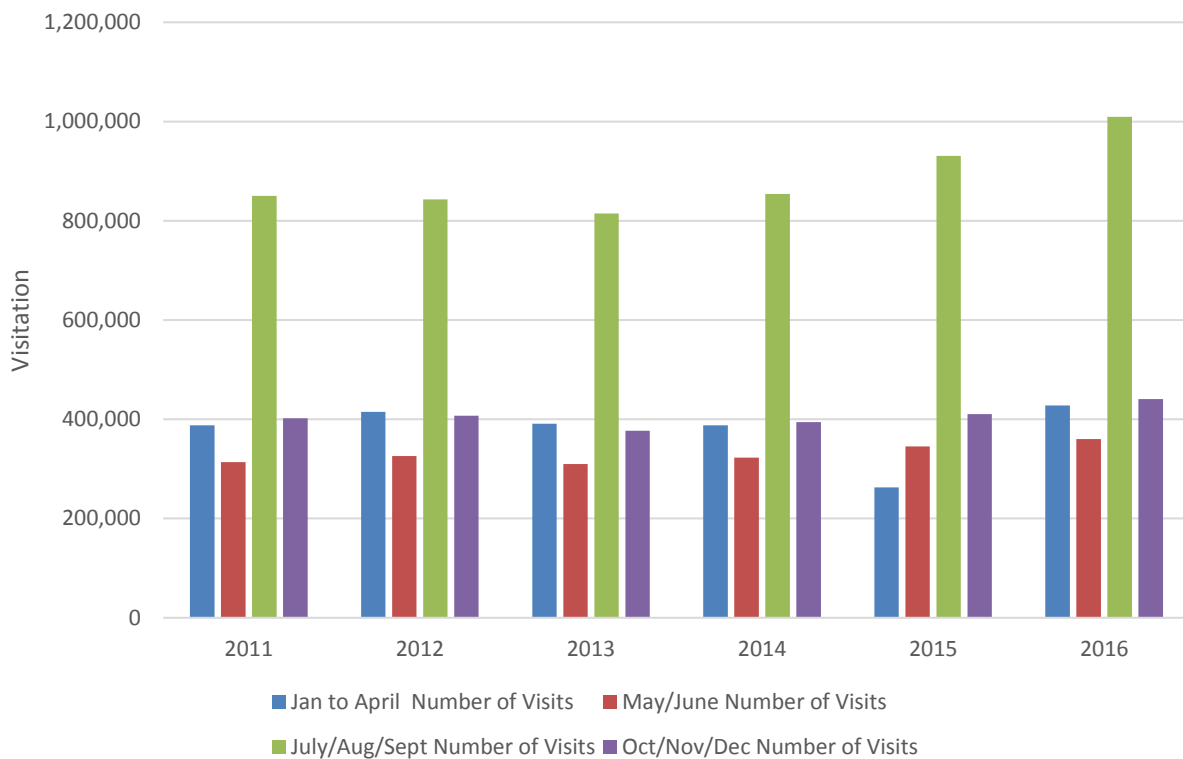


Figure 13: Non-Resident Visitation by Season, 2011 - 2016

3.1.4 Mode of Travel

Seven in ten (69%) non-resident visitors to Nova Scotia arrive by road. The remaining 31% travel by air. Long-term trends show an increasing proportion flying to the province.

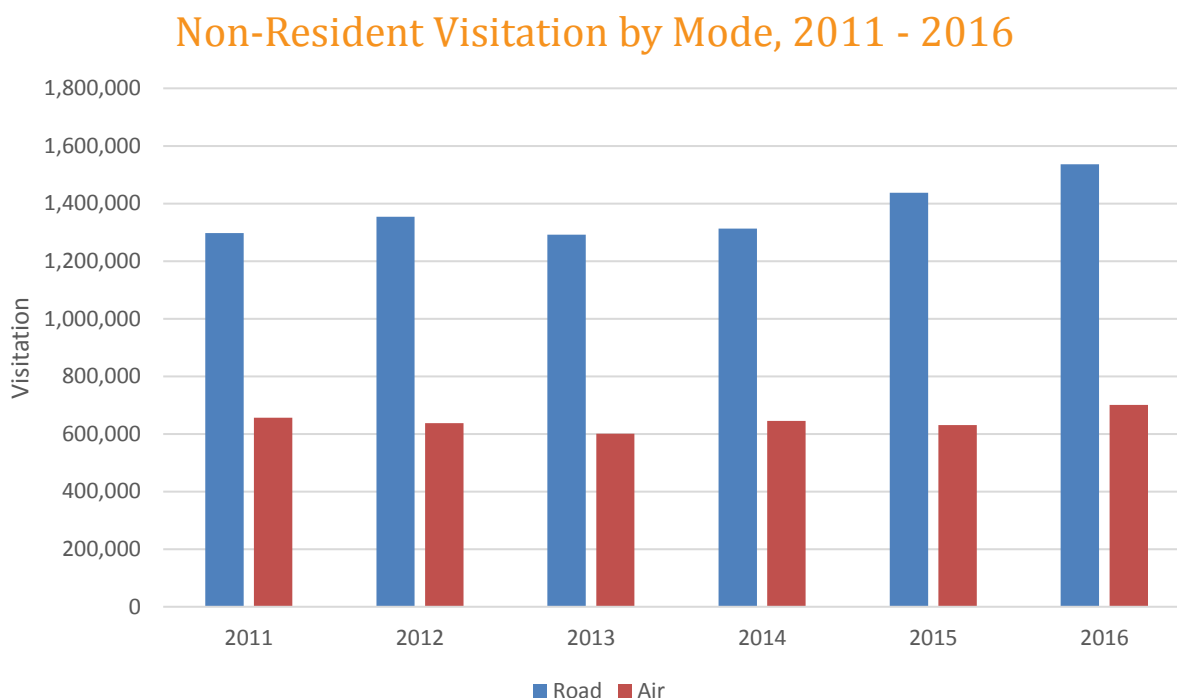


Figure 14: Non-Resident Visitation by Mode, 2011 - 2016

3.2 Priority Market Segments and Accommodation Implications

One of the four pillars of Tourism Nova Scotia’s strategy is to invest in markets of the highest return, in support of the overall industry goal to reach \$4 billion in annual tourism revenues by 2024. Long haul visitors – from the United States, UK, Germany and other overseas markets, as well as more distant Canadian markets, stay longer and spend more, and are therefore priority segments.

Tourism Nova Scotia adopted Destination Canada’s Explorer Quotient (EQ®) travel-value based segmentation model that categorizes markets based on their travel values, interests and preferences. The province’s three priority EQ segments are:

- Authentic Experiencers;
- Cultural Explorers; and
- Free Spirits.

The following table provides a summary of the travel characteristics and accommodation preferences of these segments.

Table 9: Characteristics of Nova Scotia's Priority Market Segments

Category	Authentic Experiencers	Cultural Explorers	Free Spirits
Overall Characteristics/Travel Motivations	Understated travellers looking for authentic, tangible engagement with the destinations they visit.	Defined by their love of constant travel and continuous opportunities to embrace, discover, and immerse themselves in the culture, people and settings of the places they visit.	Love everything about travel including learning about life in other cultures and connecting with locals. Experimental and adventurous, prefer to indulge in high-end experiences that are shared with others.
Types of Trips that Appeal	Trips that allow them to learn about and connect meaningfully with a destination’s history and culture.	Trips that take them “off the beaten path”, allow them to connect with locals and other travellers, fun but teach them something.	Trips that offer fun, exciting experiences with learning on the side; and trips that allow them to see the major attractions.
Accommodations Preferences	Country Inns, B&Bs, hotels and other accommodations that allow them to connect with local history and culture.	Adventurous travellers that enjoy accommodations that reflect the destination’s personality.	Aspire to stay in high-end accommodations, but some will scrimp on accommodations to afford other high-end experiences.
Food & Drink Preferences	Restaurants that offer local ingredients. Farmers’ markets, local food and beverage producers.	Restaurants that offer local ingredients. Farmers’ markets, local food and beverage producers.	Restaurants that offer local ingredients. Fine dining, gourmet experiences.
Activity Interests All enjoy a destination’s natural beauty and well known natural wonders, and enjoy viewing beautiful coastlines and beaches. All have a high appreciation for viewing marine life and wildlife viewing, and visiting national/provincial parks.	<ul style="list-style-type: none"> -interacting with locals. -visiting well-known historic sites and buildings. -attending museums. -self-directed outdoor activities that involve sightseeing and soaking in the destination -visiting small towns and villages -visiting national and provincial parks. 	<ul style="list-style-type: none"> -interacting with locals -hands-on learning -visiting well-known historic sites and buildings -attending museums -taking in musical shows and street festivals -sightseeing in urban and rural areas, including small towns and villages -also enjoy the more active outdoor activities. -visiting world heritage sites. 	<ul style="list-style-type: none"> -visiting health or wellness spa. -shopping for clothing/jewelry. -shopping for gourmet foods at retail stores. -drawn to more active outdoor activities.

3.3 Trends Impacting the Accommodations Sector

3.3.1 Internet and Social Media Trends

Internet and social media trends are having a dramatic effect on the accommodations sector. Important on-line considerations for both operators and investors are outlined below:

- Exponential growth in the use of the internet for research, planning and booking trips means websites are a primary marketing tool that must:
 - Be mobile friendly.
 - Have convenient availability calendars and booking capabilities; and
 - Have high quality design and content (e.g., pictures and video).
- Social media is heavily used by all markets. Accommodations businesses need to:
 - Have a strong social media strategy.
 - Engage with customers – provide meaningful posts and content to encourage sharing.
 - Monitor their reviews and respond in a timely manner; and
 - Maximize their presence on sites like TripAdvisor.
- There are many distribution channels for accommodations. This means consumers can easily obtain multiple quotes and booking options. Accommodations should make the most of the digital channels available with consideration to revenue management, including commissions charged.

The following charts¹⁰ illustrate the important role personal electronic devices play with Nova Scotia visitors of all ages and all trip purposes. Overall, three-quarters (76%) of visitors to the province used a personal electronic device to learn about Nova Scotia.

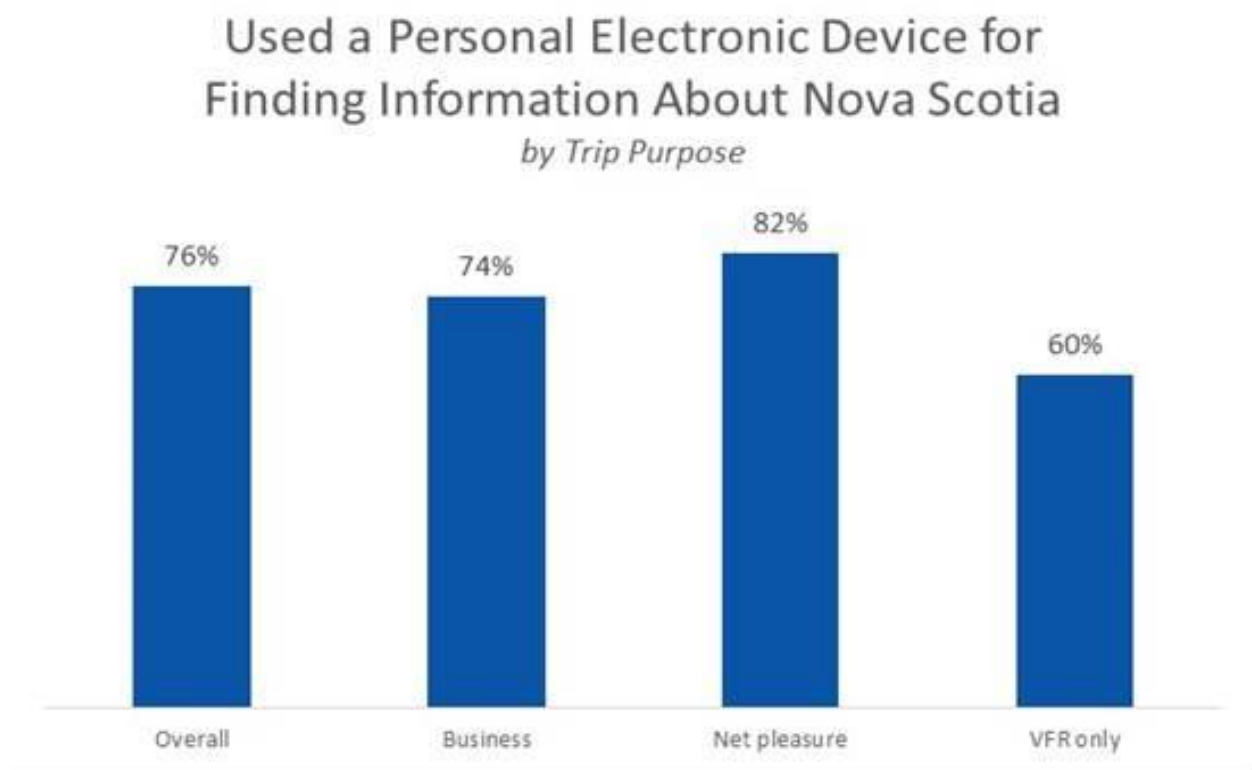


Figure 15: Use of a Personal Electronic Device by Trip Purpose

¹⁰ Source: Tourism Nova Scotia, 2015 Nova Scotia Visitor Exit Survey Overall Results, 2017

Used a Personal Electronic Device for Finding Information About Nova Scotia *by Respondent Age*

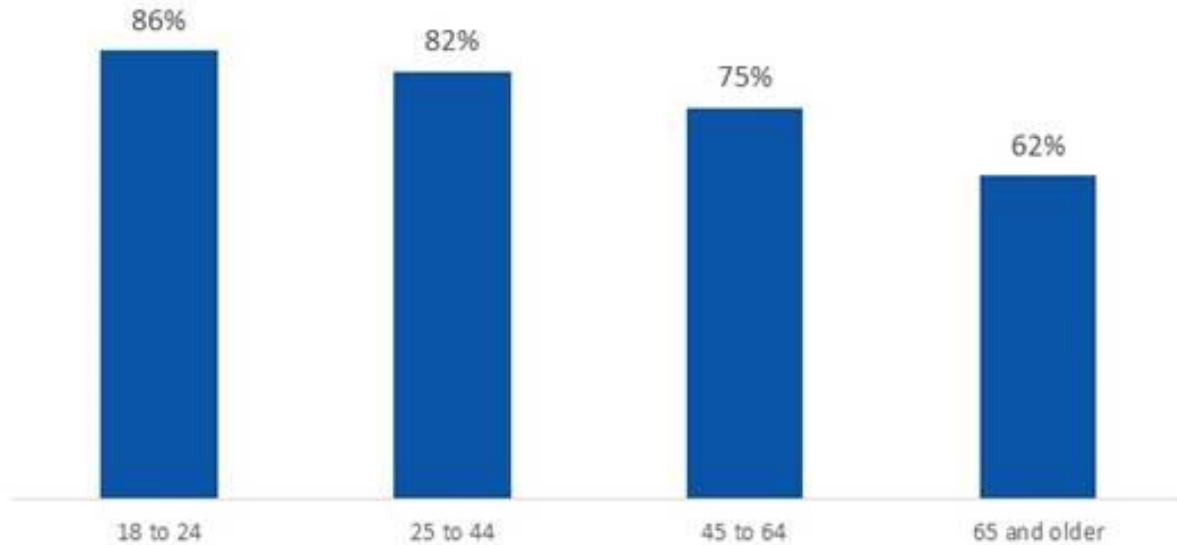


Figure 16: Use of a Personal Electronic Device by Age

3.3.2 Trends Related to the Human Influence on Travel

Travellers share both good and bad experiences on social media. A high proportion of consumers (over 60% according to a Skift Trends Report) look at social channels when booking. Superior rankings on sites such as TripAdvisor can have a positive impact on bookings, as can managing responses to reviews. Implications for operators include:

- Ensure outstanding, positive and memorable experiences for guests.
- Encourage guests to share these experiences.
- Respond constructively to both positive and negative reviews; and
- Build relationships with guests.

3.3.3 Trends in Accommodations Design and Décor

Important trends related to accommodations sector design and décor include:

- Creative re-design of traditional properties can be very cost effective.
- Unique and creative ideas for destination properties are increasingly popular.
- Quality at high end luxury properties continues to increase.
- Smaller and more intimate boutique hotels - both independent properties and ‘collections’ from major brands - are becoming increasingly popular. These boutique hotels offer personalized service and a lifestyle promise.
- Lobbies and common areas are being re-imagined as a mix of public and private spaces that are high tech and multi-use. This creates an environment that encourages guests and locals to interact.
- Hotels are working hard to bring ‘local’ and ‘community’ into their properties. Examples of these practices include:
 - Displaying local art in lobbies and rooms.
 - Providing local and regional cuisine.



Figure 17: Well Appointed Rooms



Figure 18: Spa-Like Bathrooms

- Encouraging local use of the property for dining and entertainment; and
- Participating and partnering in community events.
- Hotel restaurants are striving to improve quality by featuring fresh, locally sourced food.
- Free Wi-Fi throughout the property is expected by guests and is essential.
- Natural elements and materials are increasingly being used in design and amenities.
- More properties are striving to be cozy and comfortable - a “home away from home”.
- Quality, along with great customer service, is critical at all price levels.
- The look, functionality and amenities of guest rooms are evolving. Examples include:
 - Creative use of furnishings with minimalist designs and less bulky furniture.
 - Use of textures rather than patterns in décor.
 - Lots of white with a few bright colours (white may show stains more but this leads to better cleaning; cleanliness is increasingly important to customers).
 - Quality bedding and bath linens; and no duvet covers.
 - Flat screen televisions.
 - Many accessible and convenient power outlets (including close to the bed) for charging multiple devices.
 - Larger bathrooms with spa-like fixtures. Items such as rain shower heads are becoming standard.
 - Smaller and more efficient rooms with increased emphasis on common areas for working and socializing.
 - Increased use of technology to control lights, air conditioning and room access;
 - Adjustable LED lighting; and
 - Integration of fitness equipment into rooms.

3.3.4 Emerging Camping Experiences

In the camping sector, there has been a surge in ‘glamping’ or luxury camping. This takes the form of:

- ‘Camping cabins’ of various types, equipped with bunk beds and sometimes running water and basic cooking facilities; and
- Luxury tents, with amenities and quality comparable to hotel rooms.



Figure 19: Creative Camping Cabins – The Mohicans, Ohio

Glamping characteristics include:

- Located in or adjacent to natural protected areas, national parks, etc.
- A relatively modest investment combined with high demand is an attractive combination.
- Nightly rates can be lucrative - \$100 to \$200, and even higher in some cases.
- Where appropriate, work with a local First Nation community/ partner to integrate authentic Mi'kmaw experiences.
- Offer an opportunity for roofed accommodation properties to increase their capacity during the peak season at a lower investment than traditional units. Glamping also has the potential to broaden the property's market appeal, while maximizing use of their existing infrastructure such as dining and recreational facilities.



Figure 20: Glamping – Northern California

3.4 The Sharing Economy and Alternative Accommodations

The 'sharing economy' has exploded in the last couple of years. It's generally tied to the hospitality industry, although not exclusively. The travel industry is expected to grow 3.3% annually through 2030¹¹. A small but increasingly important area involves 'non-traditional' activity based on shared resources, including rooms, services and drives. The transaction is between individuals and is facilitated by an internet service. The most well-known examples of this practice are Airbnb and Uber. Both companies recognized travellers' need for an alternative to mainstream services. Their success is due in large part to convenient, safe and cost effective online platforms to facilitate distribution.

The sharing economy, combined with modern internet and mobile technologies, has been the catalyst for disruptive business models that provide accommodation operators (primarily



¹¹ UNWTO

unlicensed) with access to well-developed distribution channels and a firmly established brand. There are many on-line aggregators working in the accommodation sharing space, ranging from www.VRBO.com to www.wimdu.com

Although there are many players – some of which are listed above - much of the remaining discussion focusses on Airbnb, as it is by far the largest and best known non-traditional accommodation distribution and booking system. Airbnb's unique value proposition presents a special challenge for traditional accommodations, with its very practical and unique appeal.

3.4.1 Airbnb Corporate Profile

Airbnb's valuation has reached \$31 B¹², making it the second-most valuable start-up in the U.S., trailing only Uber. This means that Airbnb is the most valuable hotelier in the world, well ahead of second place

Hilton at \$23B¹³. This is impressive, given that Airbnb doesn't own a single room.



Airbnb nights booked more than doubled in 2016, hitting 52 million. Gross bookings worldwide have also more than doubled and reached \$6.4 billion in 2016¹⁴. Airbnb is following a similar trajectory in Canada. In Toronto, for example, Airbnb listings surpassed 15,000 over the course of 2016¹⁵. That's up from 9,460 listings a year prior, representing an increase of over 60 percent.



Although Airbnb's growth rate is moderating, the company continues to post gains. It is speculated that this is partly due to increased regulation around the shared accommodations sector. Year-to-year growth of Airbnb monthly listings has been trending downward since October 2016¹⁶. For

¹² <http://www.cnbc.com/2017/03/09/airbnb-closes-1-billion-round-31-billion-valuation-profitable.html>

¹³ <https://skift.com/2016/09/23/airbnbs-latest-investment-values-it-as-much-as-hilton-and-hyatt-combined/>

¹⁴ <http://www.cnbc.com/2017/04/13/airbnb-growth-slowing-regulation-ubs.html>

¹⁵ <http://mobilesyrup.com/2017/02/08/airbnb-listings-canada-under-regulatory-microscope/>

¹⁶ <http://www.cnbc.com/2017/04/13/airbnb-growth-slowing-regulation-ubs.html>

example, Airbnb listings in that month grew 110%, while in February 2017, they slowed to around 35%. Many cities around the world have moved to regulate shared accommodations, which accounts for some of the recent slowdown in Airbnb's growth.

In Canada, the Airbnb regulatory debates take place against a backdrop of escalating housing prices in major cities such as Toronto and Vancouver. The downtown cores of these areas have many listings, though the surrounding communities may start to see more listings. The most recent proposal from Toronto City Council would require Airbnb hosts to live in the home, as well as legalize home sharing in residential areas.

In a recent public relations campaign, Airbnb has been positioning its service as an opportunity for hosts to make ends meet. For example, an extensive Airbnb survey found that 48% of host income is used to pay for regular household expenses such as rent and groceries. Airbnb hosts generally dabble in the activity. Airbnb reports that most properties are rented out for only a few nights every month – with the typical property generating about \$3,800 in "supplemental" income each year¹⁷.

Airbnb economic impact analysis is being used for advocacy by communicating the economic importance of the service. For example, Airbnb guests spent over \$417 million in Toronto in 2016. Based on an analysis of incremental impacts, Airbnb generated \$40 million in net visitor spending. (This was based on two visitor streams: 1) visitors who would not have traveled to Toronto if Airbnb were not available; and 2) longer stays that were made possible by Airbnb.)

In Vancouver, there is a serious shortage of affordable rental housing. The city is considering measures that would balance the needs of home owners to supplement income while, supporting a healthier pool of long term rentals. A possible approach for the City would be to permit Airbnb activity in owner occupied principal residences, but disallow it in secondary or unoccupied units¹⁸.

¹⁷ <http://www.cbc.ca/news/canada/ottawa/airbnb-report-ottawa-2017-1.3972410>

¹⁸ <http://www.cbc.ca/news/canada/british-columbia/airbnb-vancouver-regulations-1.3781998>

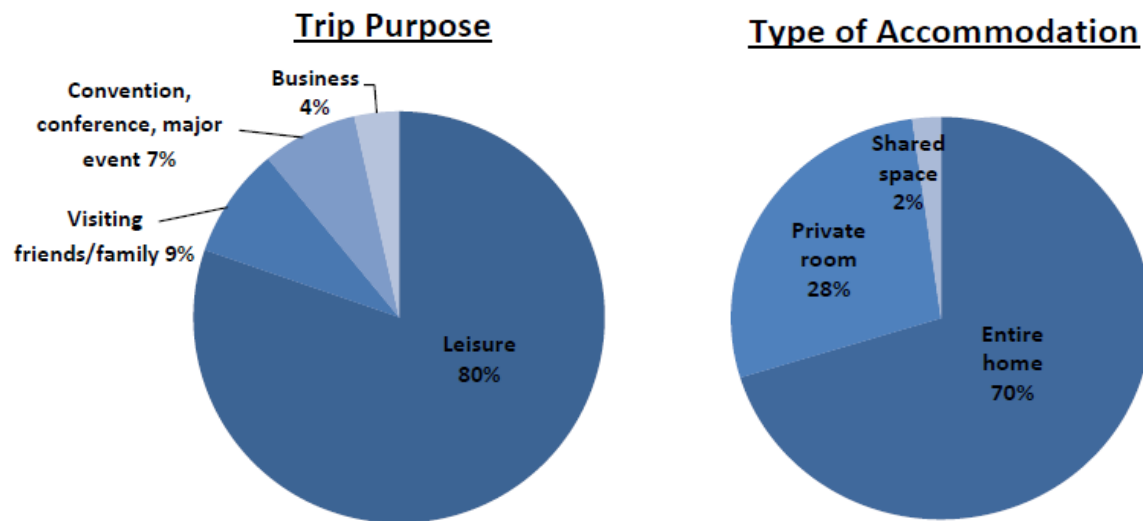
3.4.2 Airbnb Visitor Profile

Airbnb positions its service as a way for tens of millions of travellers to experience destinations not as tourists, but as locals¹⁹. Their survey of guest motivations found that:

- 79% of Airbnb travellers want to explore a specific neighbourhood.
- 91% of Airbnb travellers want to "live like a local"; and
- 74% of Airbnb listings are outside the main hotel districts.

Airbnb guests are generally not ‘couch surfing’ or sharing common living areas with the host, as early stereotypes suggested. Guests are living independently in self-contained accommodations, yet derive the ‘local’ experience through immersion in neighbourhoods - often outside the main tourism areas. Furthermore, 90% of Airbnb guests rely on the platform as a means of saving money compared to hotels²⁰.

Recent research by Dr. Daniel Guttentag²¹ provides a profile of Canadian (75%) and American (25%) Airbnb guests. The vast majority use the service for leisure trips. Also, most Airbnb guests rent an entire home, rather than staying with a host. Additionally, most Airbnb guests stay from two to four nights.

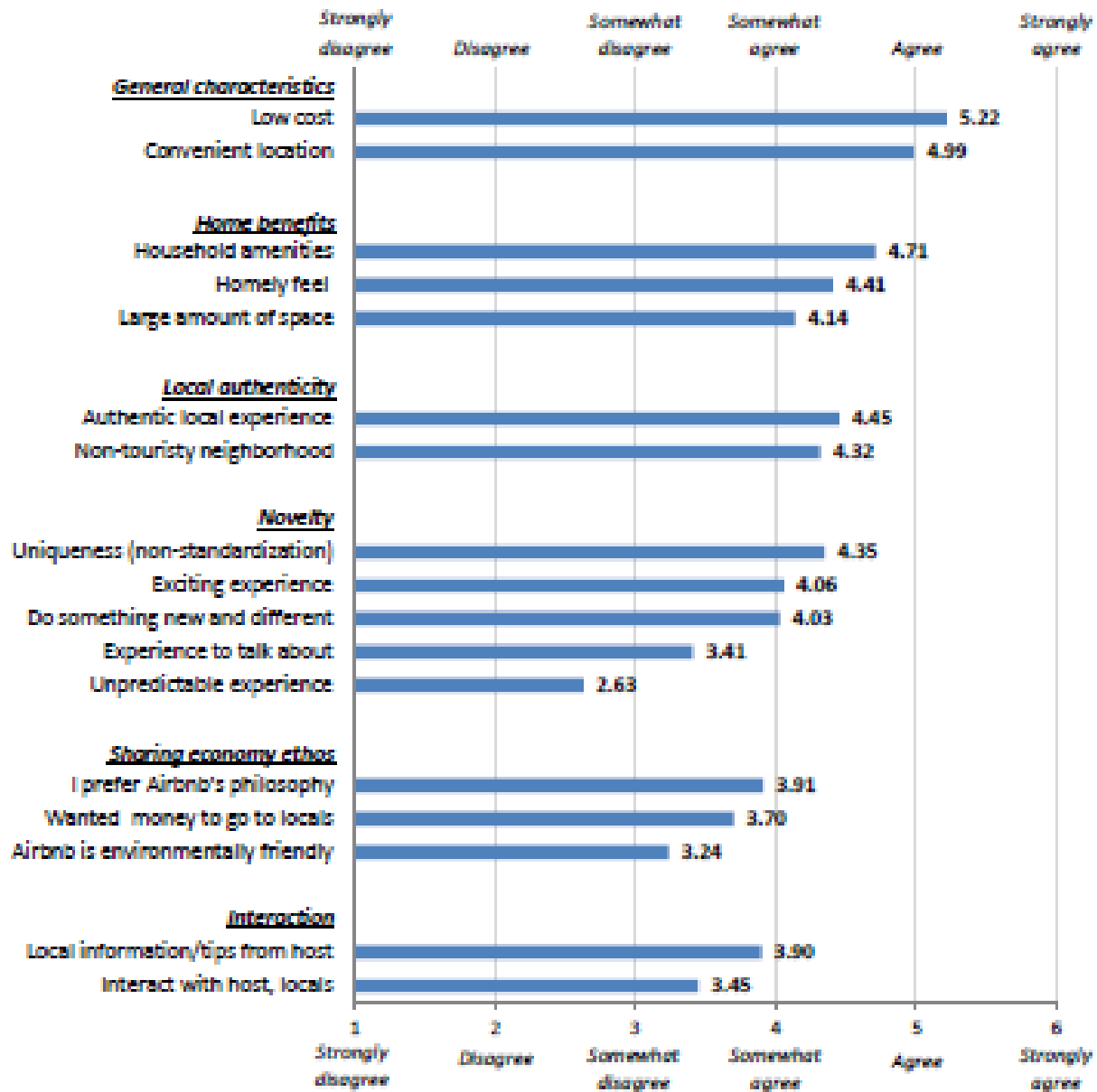


¹⁹ <https://www.airbnb.ca/economic-impact>

²⁰ <https://www.airbnbcitizen.com/wp-content/uploads/2017/02/airbnb-Economic-Impact-Statement-Toronto-Final-released.pdf>

²¹ https://uwspace.uwaterloo.ca/bitstream/handle/10012/10684/Guttentag_Daniel.pdf?sequence=1&isAllowed=y

Motivations to choose Airbnb



The figure above²² clearly indicates that a wide range of motivations attract guests to Airbnb. Nevertheless, Airbnb guests are primarily attracted by the service’s practical advantages (e.g., cost, location, and amenities), whereas the experiential appeals (e.g., authenticity, novelty and interaction) are secondary. Motivational scores ranged from a high of 5.22 to a low of 2.63 for unpredictable experience. The maximum possible score was 6.

²² https://uwspace.uwaterloo.ca/bitstream/handle/10012/10684/Guttentag_Daniel.pdf?sequence=1&isAllowed=y

Airbnb's price competitiveness (5.22) is critically important for many guests as an economical hotel alternative.

There is strong agreement with the 'convenient location' motivation, given that Airbnb listings are often located in residential neighbourhoods rather than the downtown core. It is speculated that many Airbnb guests select the service in part because of the availability of units in locations not well served by traditional hotels.

The importance of home benefits, such as household amenities and abundant space, underscores part of Airbnb's unique value proposition relative to many hotels. Related research found that Airbnb guests have a higher opinion of the quality, comfort and cleanliness of their Airbnb rentals than they have for budget or mid-range hotels. This strongly suggests that quality initiatives are required to make some hotels more competitive.

Airbnb's unique value proposition is additionally demonstrated by the relative importance of local authenticity for many of its guests. The findings show that the locally authentic experience is independent of the accommodation itself, and is derived from its connection to the broader neighbourhood.

Airbnb's novelty, its sharing economy ethos, and the opportunity to interact with hosts/locals were rated as less important motivators.

3.4.3 Outlook

Airbnb has rapidly and successfully shifted the entire tourism accommodation landscape²³. It has accomplished this by introducing an innovative and appealing experience. While the extent of the threat that Airbnb will pose to traditional accommodations remains uncertain, hoteliers generally recognize it as a genuine competitor. Although Airbnb is relatively new, its impact is already being felt, and its broad effects on the tourism accommodations sector can be expected to increase with time.

3.5 University Accommodation

Universities offer a clean comfortable accommodation experience. However, they are generally not characterized as being direct competitors with traditional accommodation, given their unique experience. Universities lack many of the amenities and services offered at most licensed accommodations, although they have a unique value proposition that includes free parking and expansive recreational facilities. Furthermore, university accommodations generally do not offer the self-contained 'home' experience offered through the sharing economy with the exception of a limited number of suites offered at some universities (e.g., Dalhousie).

²³ https://uwspace.uwaterloo.ca/bitstream/handle/10012/10684/Guttentag_Daniel.pdf?sequence=1&isAllowed=y

University accommodation originally grew beyond student residences, in order to host university based events. They have since evolved to offering reasonably priced accommodation to independent travellers, although the level of engagement with leisure travellers varies from university to university. For example, Dalhousie has a staff position dedicated to accommodation marketing and tourism industry engagement. In contrast, Acadia only provides staffing during university affiliated events.

Key informant interviews, and the ongoing financial pressures facing universities, suggest that universities are likely to become more active in the leisure market. Officials interviewed seem sensitive to past criticism, that given their government funding, they unfairly compete with the private sector. Accordingly, they emphasize their interest in growing tourism locally while benefitting the entire community. Their communication is underpinned by engagement with other tourism industry partners.

4 DEMAND FOR TOURIST ACCOMMODATION IN NOVA SCOTIA

This section examines the demand for licensed accommodations in Nova Scotia provincially, by tourist region, by type of property and for selected communities. The analysis in this section does not reflect sales at unlicensed properties within the sharing economy. This section also considers the relationship between quality (as measured by TripAdvisor ratings) and demand. Data used in this analysis is exclusive to licensed accommodations, with comparisons for the 2011 to 2016 period, unless otherwise noted. Three key measurements are considered:

- Room nights available;
- Occupancy rates; and
- Room nights sold.

Data is analyzed for three separate periods:

- May to October;
- July, August & September; and
- Annual.

Community analysis was confined to the May to October and July, August & September periods since an insufficient number of properties were open between November and April. Detailed community analysis is not included in this report due to its confidential nature²⁴.

4.1 Province Overall

4.1.1 Room Nights Sold

4.1.1.1 May to October

In 2016, 1.82 million room nights were sold, an increase of 5% from 2015 and over 10% from 2011. This represented 68% of total room nights sold in the year. If universities and hostels are excluded from this analysis, the number of room nights sold was 1.74 million in 2016, a 12% increase from 2011.

²⁴ Tourism Nova Scotia guidelines to ensure confidentiality prohibit the release of data in cases where fewer than 6 properties are open, where one property represents more than 33% of the available rooms and where the reporting rate is less than 85%, for any period.

4.1.1.2 July, August & September

In 2016, 1.09 million room nights were sold in this period, 40% of the total room nights sold in the year. This represents an increase of 6% from 2015 and 13% from 2011. If the universities and hostels are excluded from this analysis, there were 1.05 million room nights sold in 2016, an increase of 15% between 2011 and 2016.

4.1.1.3 Annual

In 2016, room nights sold totalled 2.69 million, an increase of 4% from 2015 and over 7% from 2011. When universities and hostels are excluded, total annual room nights sold in 2016 were 2.61 million, an increase of 9% from 2011.

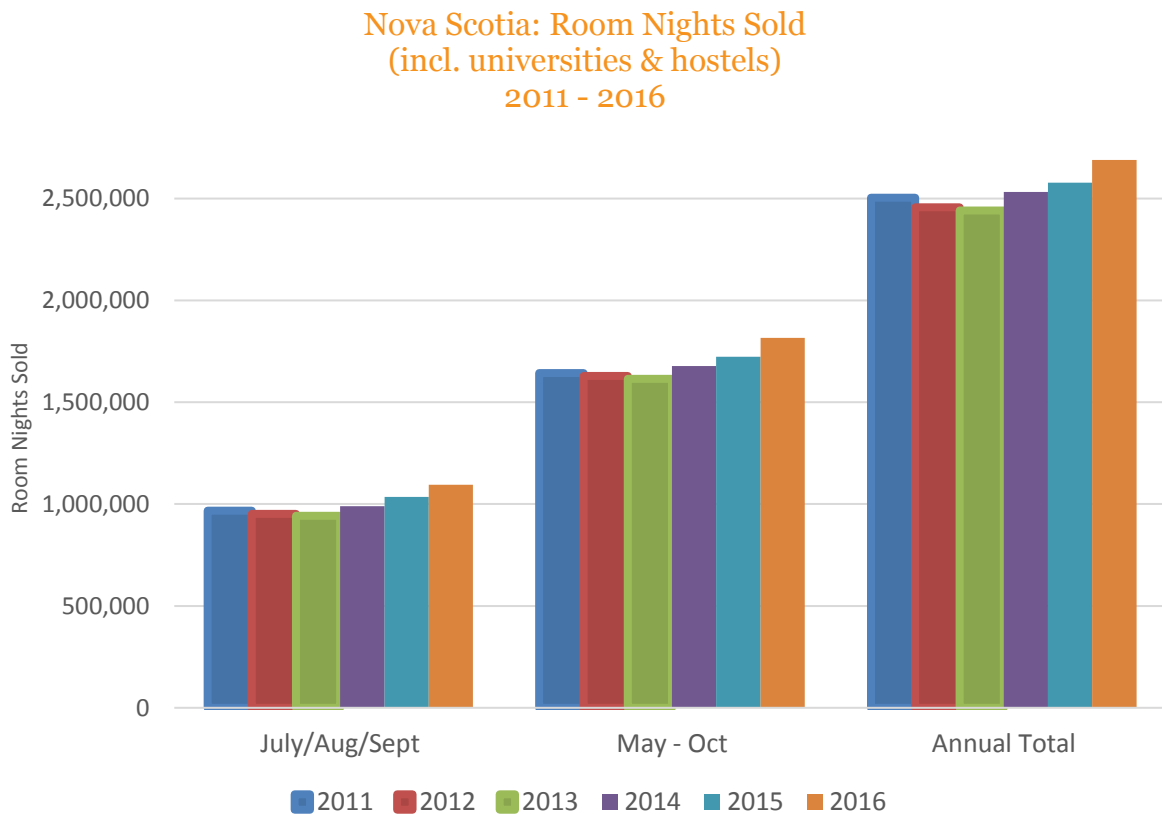


Figure 21: Nova Scotia: Room Nights Sold (incl. universities & hostels), 2011 - 2016

4.1.1.4 Longer Term Trends

Over the longer term, room nights sold in 2016 were at the highest level in the past fourteen years. Room nights sold exceeded 2.6 million in 2016. This is only the third year in the past 14, that room nights sold have reached this level. Over the same period, room nights available have fluctuated, increasing in the mid-2000s, and then declining slightly beginning in 2011. Most recently, in 2016, room nights available were 4% higher than in 2003.

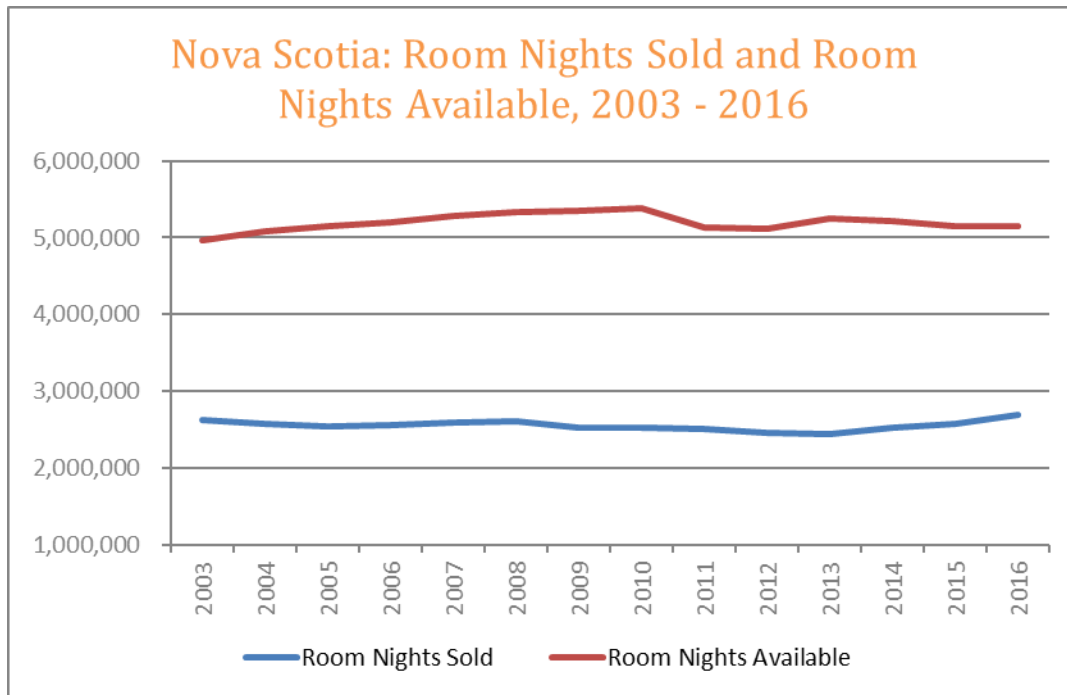


Figure 22: Nova Scotia: Room Nights Sold and Room Nights Available, 2003 - 2016

4.1.2 Occupancy Rates

4.1.2.1 May to October

Increased room nights sold resulted in occupancy rates of 58% in 2016, up 4 percentage points from 2011. When universities and hostels are excluded from this analysis, occupancy rates were 66% in 2016, an increase of almost 10 percentage points from 2011.

The supply of rooms (room nights available) between 2011 and 2016 was relatively stable with a slight increase (3%) when universities and hostels are included and a small decline (-5%) with the exclusion of data on universities and hostels.

4.1.2.2 July, August & September

Occupancy rates reached 68% province-wide for July, August & September in 2016, up from 60% in 2011. If the universities and hostels are excluded, peak season occupancy rates province-wide reached 76% in 2016, up 13 percentage points from 2011.

Improved occupancy rates were a result of increased demand since the room nights available province-wide declined only slightly from 2011 to 2016. If university and hostels are excluded from the analysis, the room nights available declined by 4%.

4.1.2.3 Annual

Increased sales produced annual occupancy rates of 52% in 2016, up 4 percentage points from 2011. Overall, the supply of rooms (room nights available) remained stable.

When universities and hostels are excluded, annual occupancy rates reached 57%, an increase of 7 percentage points over 2011. Room nights available increased by 5% between 2011 and 2016.

Nova Scotia Occupancy Rates (incl. Universities) 2011 - 2016

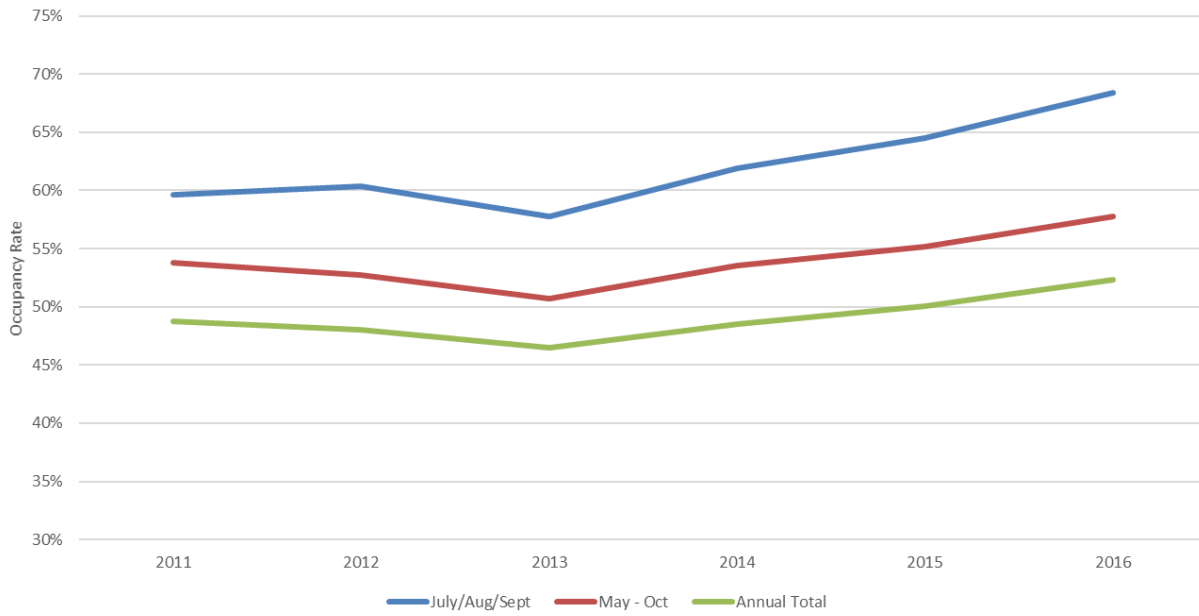


Figure 23: Nova Scotia Occupancy Rates (incl. universities & hostels), 2011 - 2016

Nova Scotia Occupancy Rates (excl. universities & hostels) 2011 - 2016

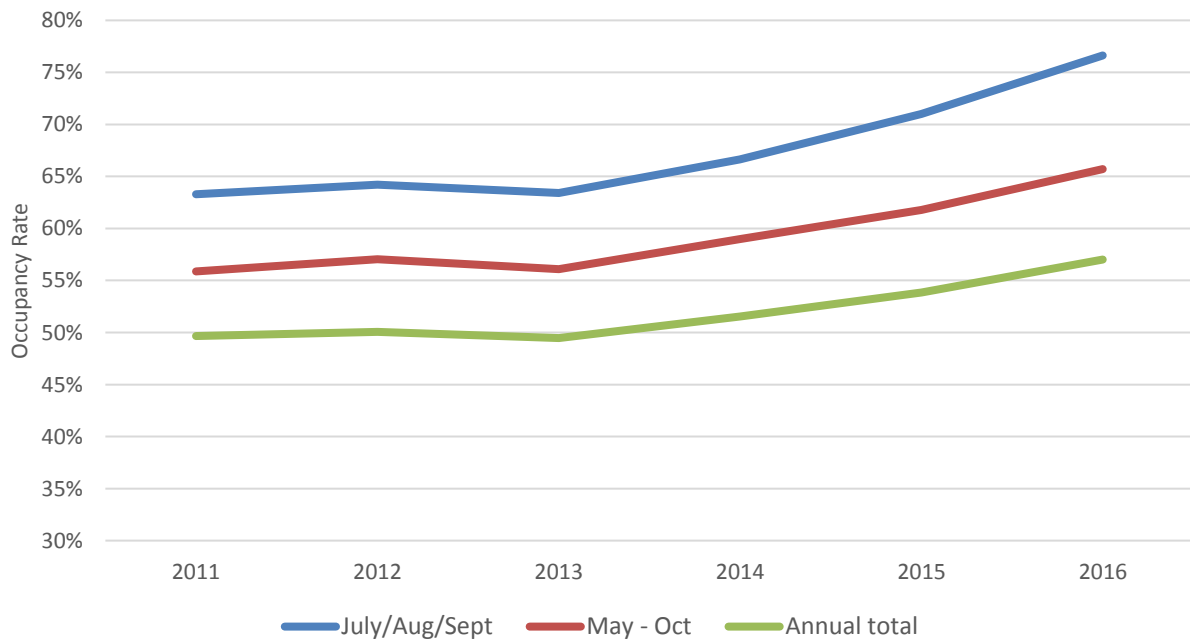


Figure 24: Nova Scotia Occupancy Rates (excl. universities & hostels) 2011 - 2016

4.1.3 Campgrounds

Campground data is compiled for short term site nights and total site nights. Total site nights include seasonal camping.¹

- Short term site nights sold for May to October increased by 26% increase between 2011 and 2016.
- Occupancy rates for short term sites also increased significantly from 14% to 28% between 2011 and 2016; and
- Overall, with seasonal site nights included, some 933,000 site nights were sold in 2016, up from 800,000 in 2011. The campground occupancy rate for May to October 2016 was 52%, up from 43% in 2011.

¹ Seasonal camping normally involves rental of a campsite for the full operating season (at minimum, the rental must exceed 30 days) often from mid-May to mid-October.

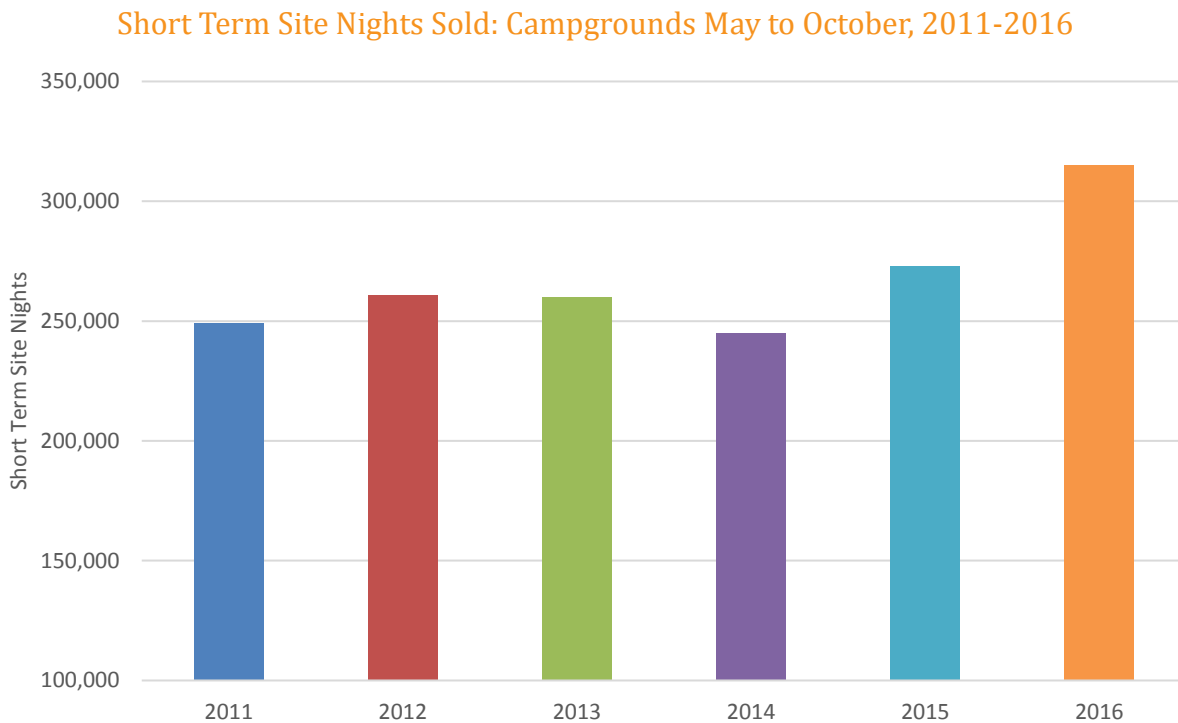


Figure 25: Short Term Site Nights Sold: Campgrounds May to October, 2011-2016

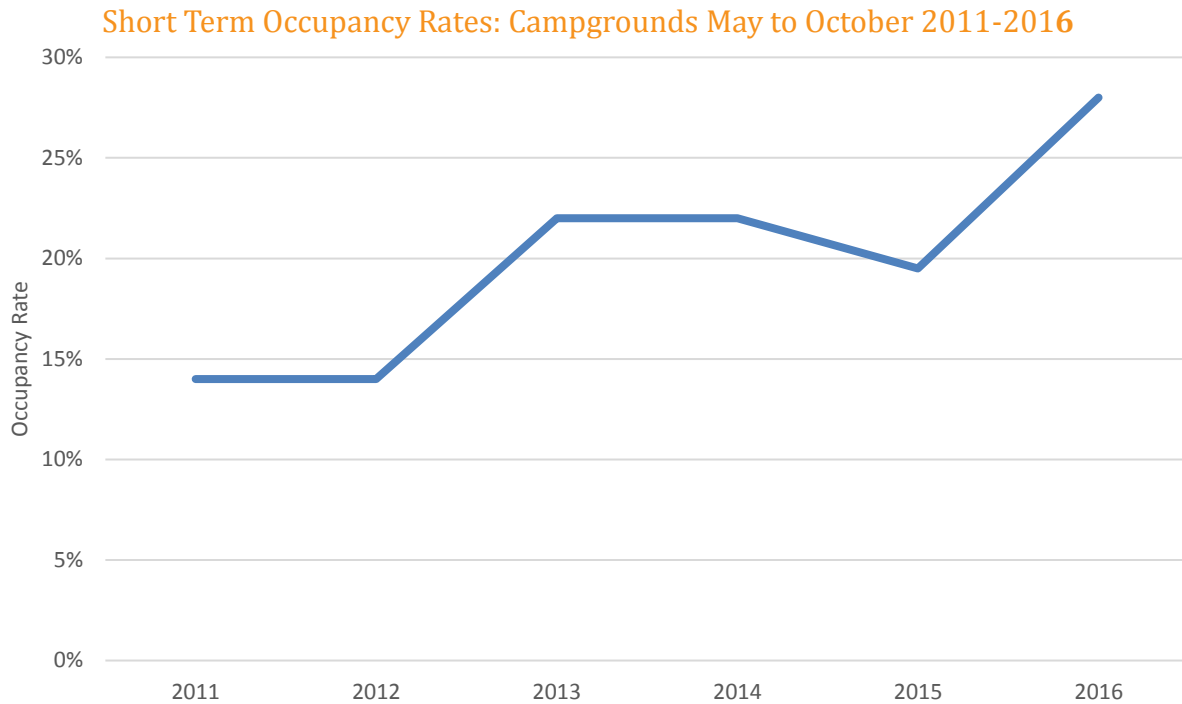


Figure 26: Short Term Occupancy Rates: Campgrounds May to October 2011-2016

4.2 Halifax and the Province (Excluding Halifax)

4.2.1 Halifax

The following outlines some of the key findings relative to Halifax accommodation activity.

- Annual room nights sold in Halifax reached 1.45 million in 2016. Halifax captured 54% of all room nights sold in Nova Scotia in 2016 - a slightly lower proportion than in 2011.
- Annual room nights sold increased by 7% between 2011 and 2016. The increase measured 9% for May to October and 10% for July, August & September.
- Demand is less seasonal in Halifax, relative to the rest of the province. Almost 60% of room nights are sold in the May to October period, with 40% during November to April.
- The annual occupancy rate in Halifax for 2016 was 64%, 12 percentage points higher than the rest of the province.
- The peak season (July, August & September) occupancy rate was 80% in 2016, up from 71% in 2011.

- Room nights available declined very slightly between 2011 and 2016; and
- The last three years show strong growth in Halifax, particularly in the peak season (July, August & September) where there is growing evidence of capacity issues.

The following graph illustrates the demand for accommodations in Halifax and outside of Halifax.

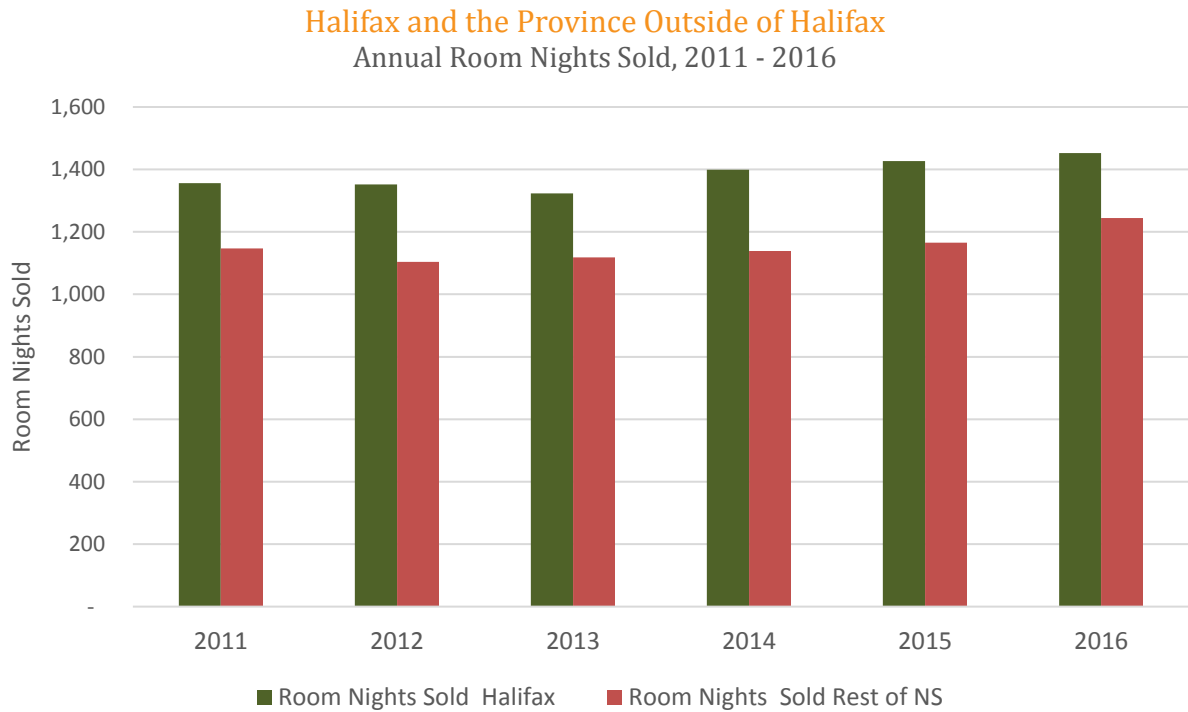


Figure 27: Halifax & the Province Outside of Halifax, Annual Room Nights Sold, 2011 - 2016

4.2.2 The Province (Excluding Halifax)

The following outlines some of the key findings relative to provincial accommodation activity outside Halifax.

- Annual room nights sold outside of Halifax were 1.24 million in 2016, accounting for 46% of total room nights sold in 2016.
- Annual room nights sold increased by 8% between 2011 and 2016. Room nights sold for May to October; and July, August & September increased by 12% and 16%, respectively.
- Demand is highly seasonal, with 75% of all room nights sold in the May to October period.
- Occupancy rates increased slowly, reaching 61% for the peak season (July, August & September) in 2016.
- Annual occupancy rates were 44% in 2016 - up from 39% in 2011; and
- Overall, the supply of rooms declined by 4% over the past six years.

The following graphs illustrate the demand for accommodations in Halifax and outside of Halifax for both the entire year and the peak season.

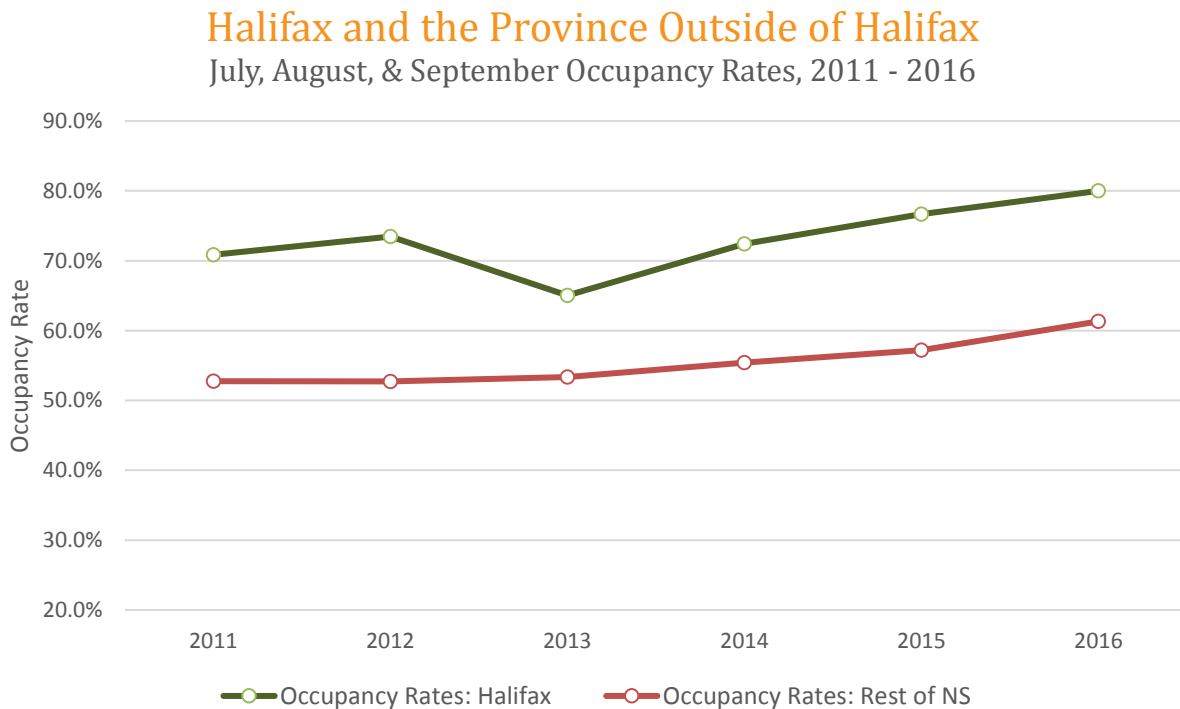


Figure 28: Halifax and Rest of NS, July, August, & September Occupancy Rates, 2011 - 2016

Halifax and the Province Outside of Halifax

July, August & September Room Nights Sold, 2011 - 2016

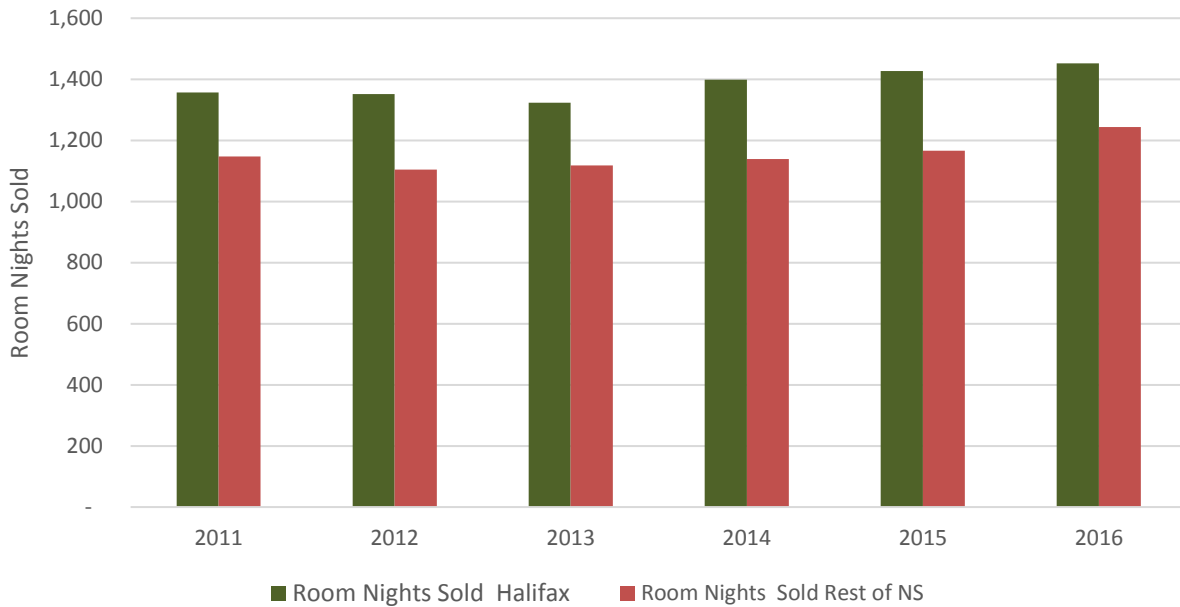


Figure 29: Halifax and Rest of NS; July, August & September Room Nights Sold, 2011 - 2016

4.3 Tourism Regions

The following section provides a regional analysis of accommodation demand for licensed properties.

4.3.1 Cape Breton

In 2016, Cape Breton had 3,584 accommodation units in 247 licensed properties, representing 18% of all licensed units in Nova Scotia.

Room nights sold started increasing in 2013, with solid growth in 2015 and 2016. Further growth is expected in 2017. Overall, supply has remained fairly stable, with a slight decline of 3% in annual room nights available. The decline in room nights available was less than 1% for July, August and September between 2011 and 2016. The increase in occupancy rates over the past six years was largely a result of increased demand.

4.3.1.1 May to October

Rooms nights sold in Cape Breton during the May to October period were 363,000 in 2016. This represents a 22% increase from 2011. Occupancy rates were 61% in 2016, up from 49% in 2011.

4.3.1.2 July, August & September

Room nights sold for the July to September period were 236,000 in 2016 - up 22% from 2011. During this peak period, occupancy rates were 73% in 2016, up from 60% in 2011.

4.3.1.3 Annual

Cape Breton room nights sold were 463,000 in 2016 - up 22% from 2011. Occupancy rates were 53% - up from 42% in 2011.

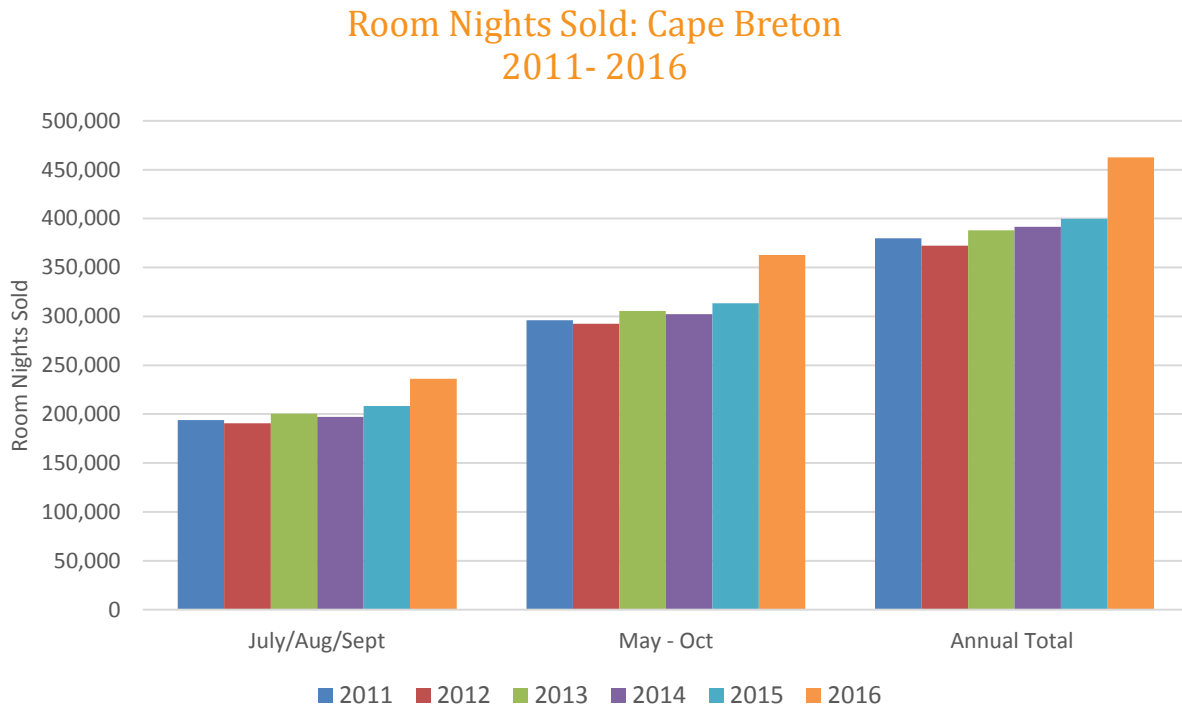


Figure 30: Room Nights Sold: Cape Breton, 2011- 2016

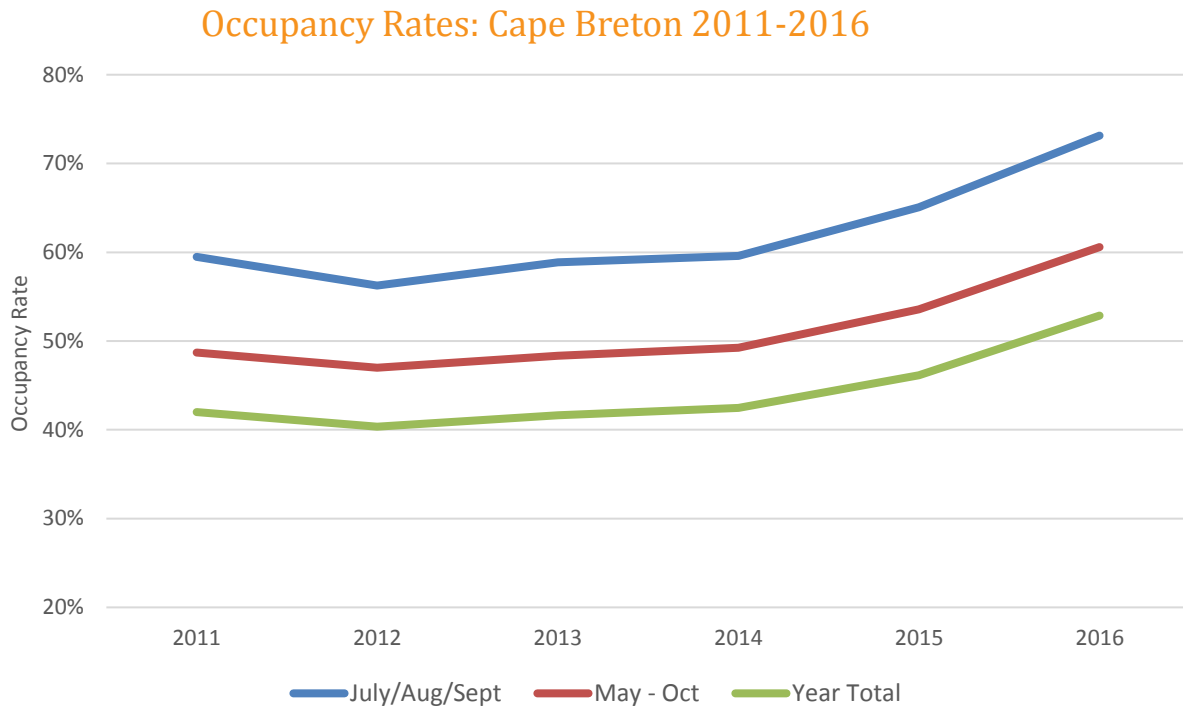


Figure 31: Occupancy Rates: Cape Breton 2011-2016

4.3.2 Eastern Shore

In 2016, the Eastern Shore had the lowest number of licensed accommodation properties (36) and units (263) in the province.

Room nights sold fluctuated over the past 6 years, with an overall decrease of 12% between 2011 and 2016. Occupancy rates increased due to declining availability. Annual room nights available declined by almost 25% between 2011 and 2016, while July, August and September room nights available declined by 22% over the same period.

4.3.2.1 May to October

Room nights sold in the Eastern Shore for May to October were 16,500 in 2016, down 3% from 2011. Occupancy rates were 40% in 2016, up from 32% in 2011.

4.3.2.2 July, August & September

Room nights sold for the July to September period were 11,000 in 2016 - down 7% from 2011. Occupancy rates were 50% in 2016, up from 42% in 2011.

4.3.2.3 Annual

Eastern Shore room nights sold were 18,000 in 2016 - down 10% from 2011. Occupancy rates were 33% - up from 28% in 2011.

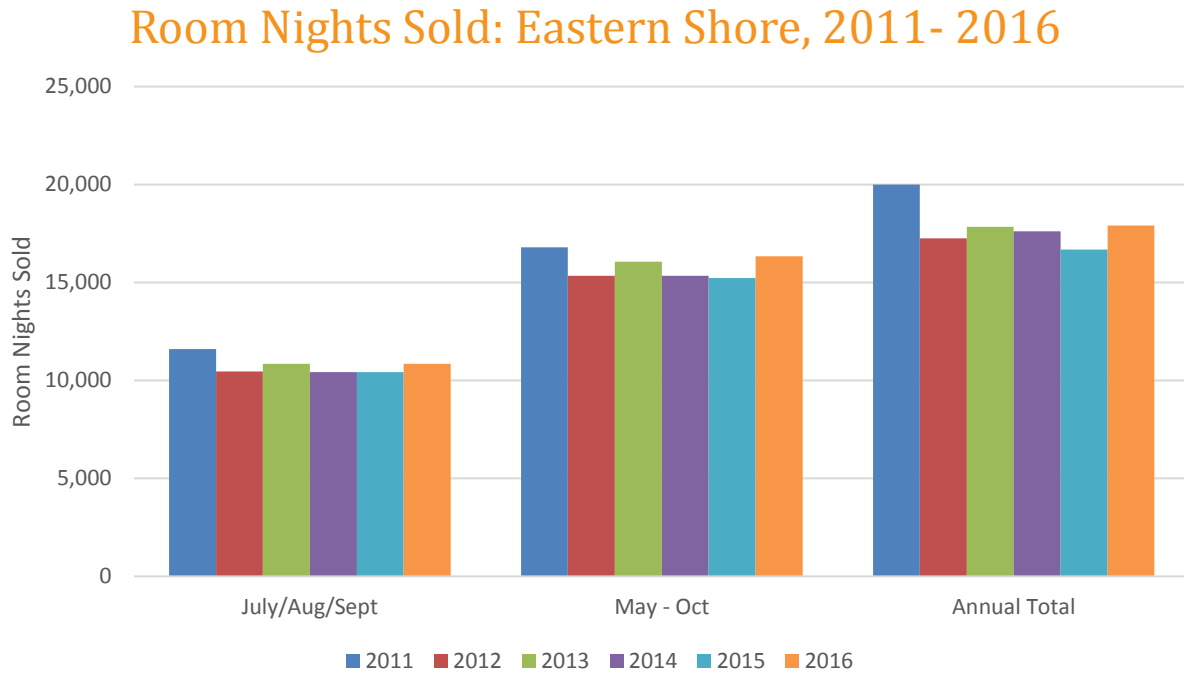


Figure 32: Room Nights Sold: Eastern Shore 2011 – 2016

Occupancy Rates: Eastern Shore 2011-2016

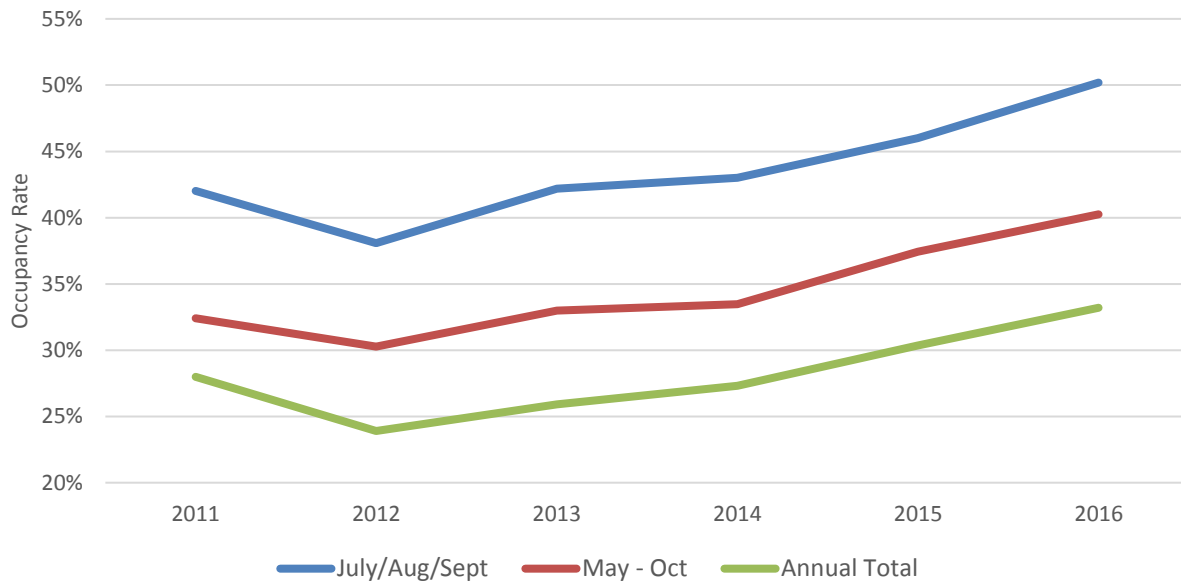


Figure 33: Occupancy Rates: Eastern Shore, 2011-2016

4.3.3 Northumberland Shore

The Northumberland Shore Region had just under 2,500 licensed accommodation units in 2016. Almost half of these were at universities and hostels. The region had a total of 85 licensed properties.

There was a significant increase - close to 15% - in room nights available during the summer, between 2011 and 2016. This supply influx was primarily from the local university. Room nights sold were generally stable over the 2011 to 2016 period. The combination of increased supply and stable demand resulted in a decline in occupancy rates.

4.3.3.1 May to October

Room nights sold in the Northumberland Shore Region for the May to October period were 140,000 in 2016 - on par with 2011. The occupancy rate was 41% in 2016 - down 7 percentage points from 2011.

4.3.3.2 July, August & September

Room nights sold in the Northumberland Shore Region for the July to September period were 87,000 in 2016 - up 2% from 2011. During this period, occupancy rates were 50% in 2016, down 6 percentage points from 2011.

4.3.3.3 Annual

Northumberland Shore Region room nights sold were 198,000 in 2016, down 3% from 2011. The annual occupancy rate was 40% in 2016, down from 44% in 2011.

The occupancy rate for non-university properties was 15 – 20 percentage points higher than the overall average rate (including universities) during the May to October; and July, August and September periods.

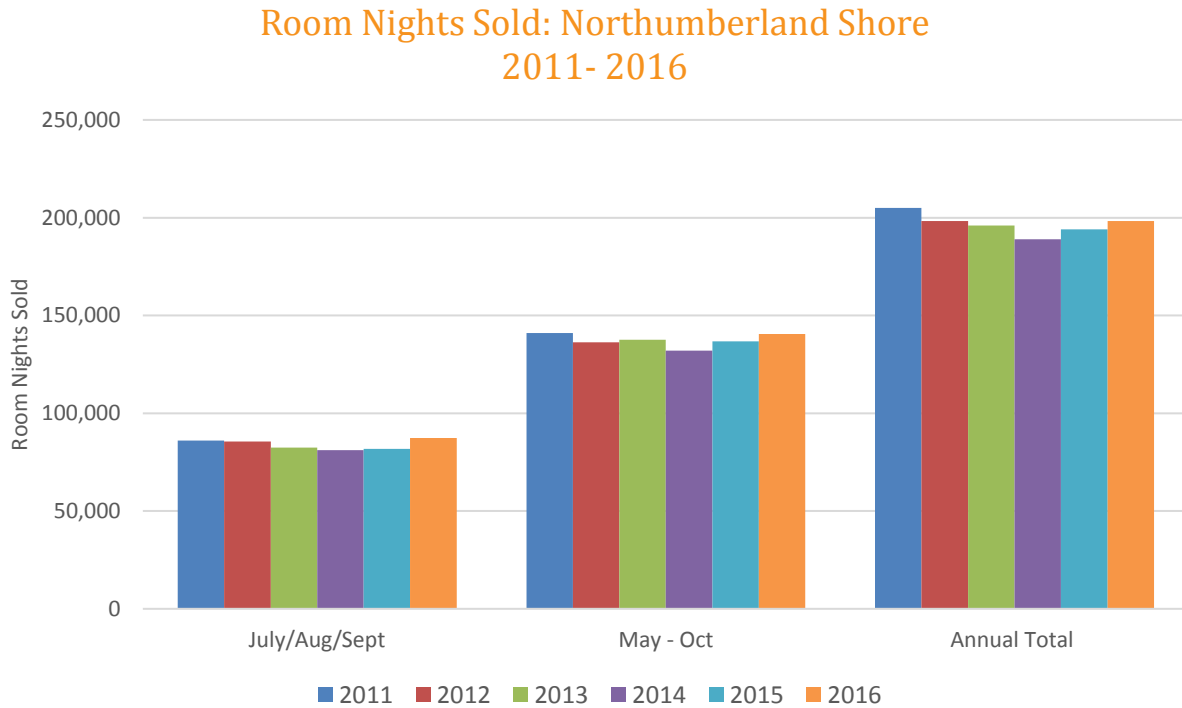


Figure 34: Room Nights Sold: Northumberland Shore 2011- 2016

Occupancy Rates: Northumberland Shore 2011-2016

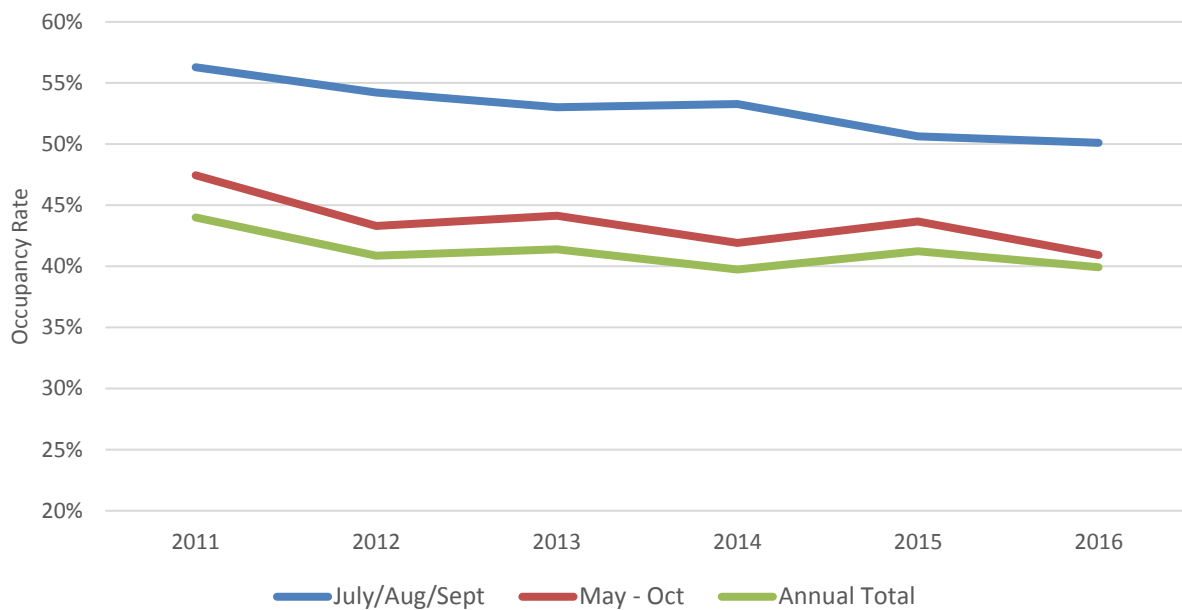


Figure 35: Occupancy Rates: Northumberland Shore 2011-2016

4.3.4 Fundy Shore & Annapolis Valley

In 2016, the Fundy Shore and Annapolis Valley Region had almost 3,800 accommodation units in 183 licensed properties. A significant number of these units (1,500) were at university and hostel properties.

Overall room nights sold for the region increased between 2011 and 2016, particularly during July, August and September. Available room nights during the summer period increased by 8% between 2011 and 2016, primarily due to universities, but declined by 3% on an annual basis.

4.3.4.1 May to October

Rooms nights sold in the Fundy Shore and Annapolis Valley Region totalled 243,000 in 2016, up 6% from 2011. The occupancy rate for the region was 41% in 2016, up 1 percentage point from 2011.

4.3.4.2 July, August & September

Rooms nights sold for the July to September period reached 157,000 in 2016 - up 14% from 2011. The overall occupancy rate for this period was 52% in 2016, up 5 percentage points from 2011.

4.3.4.3 Annual

Fundy Shore and Annapolis Valley Region room nights sold were 330,000 in 2016, up 2 percent from 2011. The annual occupancy rate was 38%, up 2 percentage points from 2011.

The summer season occupancy rate for non-university properties was about 15 percentage points higher than the overall average (including universities).

Room Nights Sold: Fundy Shore & Annapolis Valley 2011-2016

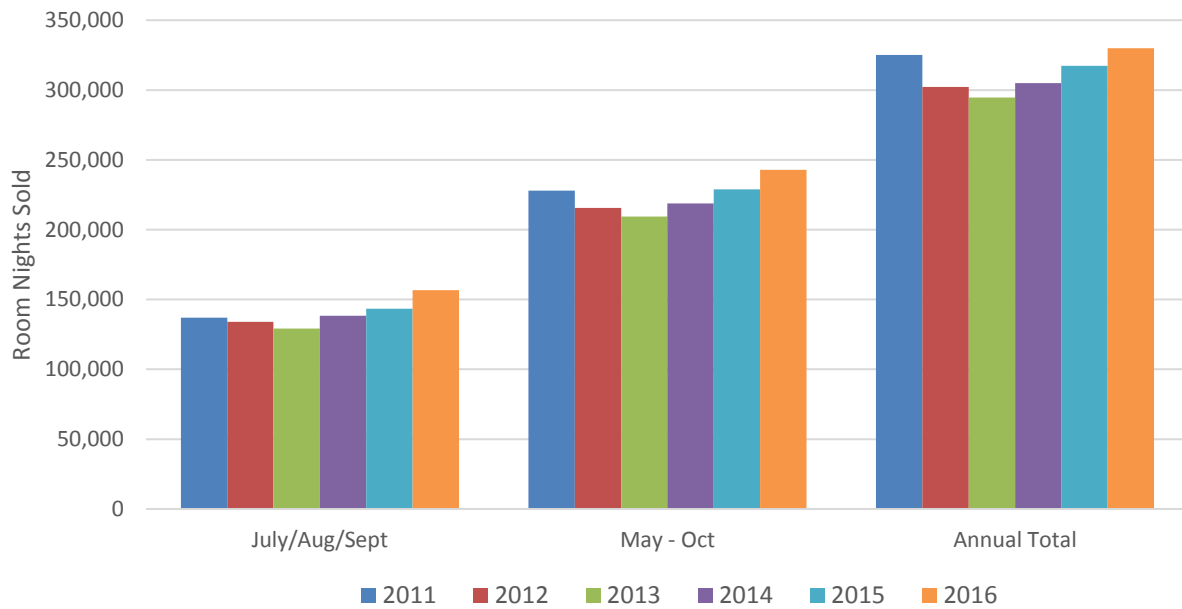


Figure 36: Room Nights Sold: Fundy Shore & Annapolis Valley 2011- 2016

Occupancy Rates: Fundy Shore & Annapolis Valley 2011-2016

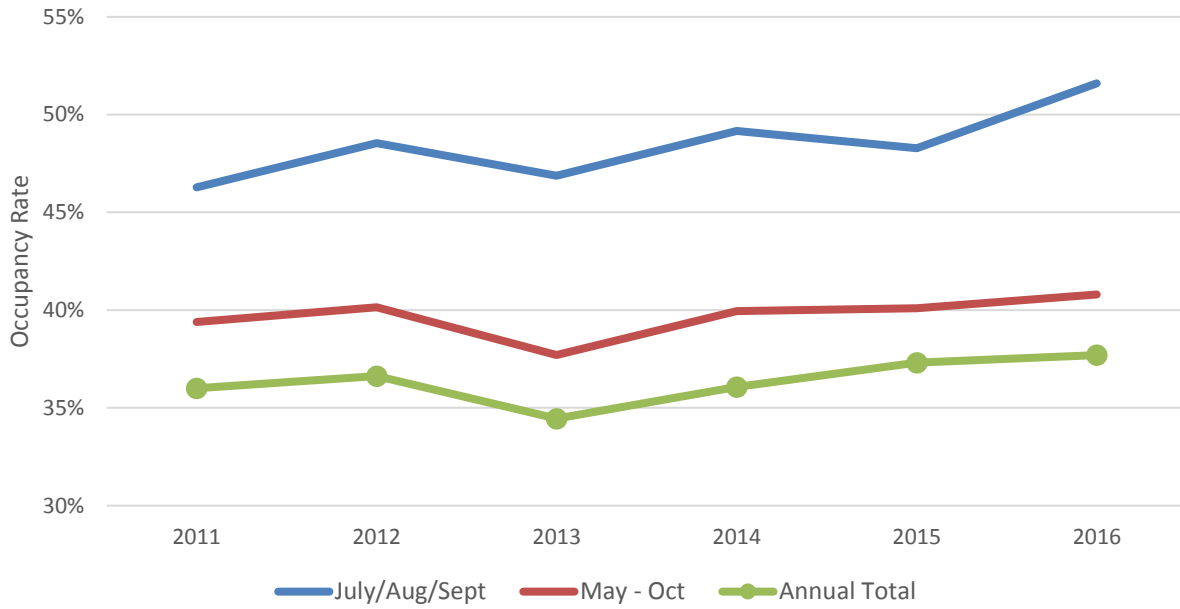


Figure 37: Occupancy Rates: Fundy Shore & Annapolis Valley 2011-2016

4.3.5 South Shore

In 2016, the South Shore Region had some 1,400 accommodation units in 159 licensed properties.

Overall demand in the South Shore declined in 2012, but generally increased in subsequent years, except for 2015. Room supply (room nights available) declined in both 2014 and 2015, supporting increased occupancy rates. Supply increased in 2016, but this was more than offset by growth in demand. As a result, occupancy rates continued to grow. However, occupancy rates remain below provincial averages.

4.3.5.1 May to October

Rooms nights sold in the South Shore during the May to October period were 136,000 in 2016 - up 11% from 2011. The occupancy rate for this period was 53% in 2016, up 9 percentage points from 2011, due in part to an 8% decline in supply.

4.3.5.2 July, August & September

Room nights sold for the July to September period were 91,000 in 2016, up 18% from 2011. The occupancy rate for this period was 68% in 2016, up 15 percentage points from 2011.

4.3.5.3 Annual

South Shore Region annual room nights sold were 180,000 in 2016, up 10% from 2011. The average occupancy rate for 2016 was 41%, up from 36% in 2011.

Room Nights Sold: South Shore 2011- 2016

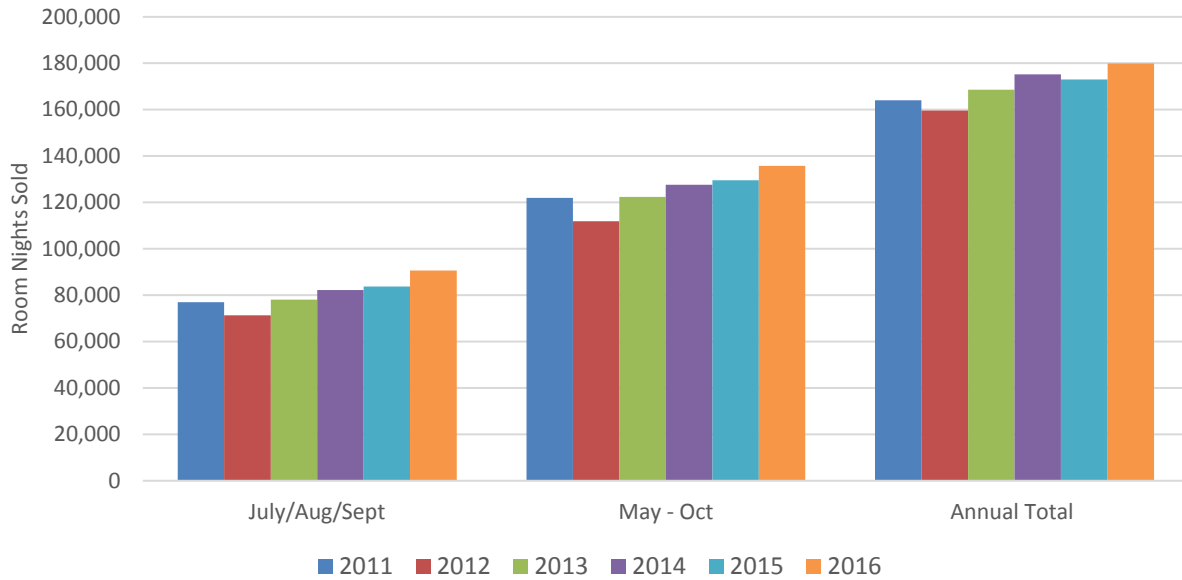


Figure 38: Room Nights Sold: South Shore, 2011- 2016

Occupancy Rates: South Shore 2011-2016

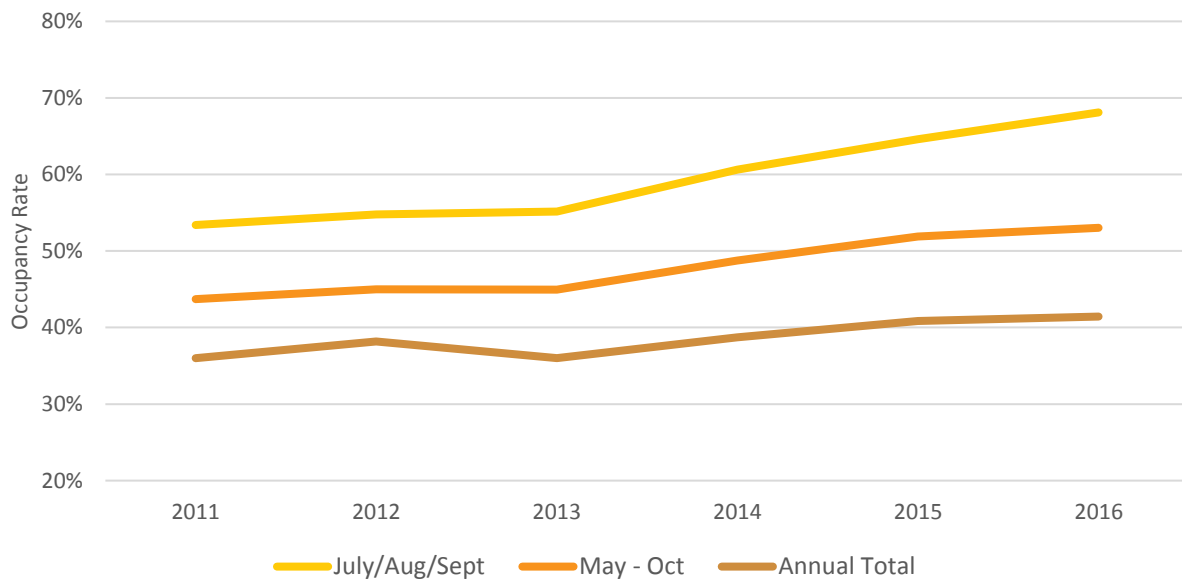


Figure 39: Occupancy Rates: South Shore, 2011-2016

4.3.6 Yarmouth and Acadian Shores

In 2016, the Yarmouth and Acadian Shores Region was home to only 30 licensed properties, providing almost 450 units of accommodation.

Demand for accommodations in this region dropped sharply after the discontinuation of the ferry service to Maine and did not increase until 2014 when the ferry service was re-established. The supply (room nights available) has fluctuated, but overall declined by 14% between 2011 and 2016. Occupancy rates increased significantly starting in 2014, the result of increased demand and reduced supply.

4.3.6.1 May to October

Room nights sold in the Yarmouth and Acadian Shores Region were 45,000 for May to October 2016, up 37% from 2011. The occupancy rate for this period was 57% in 2016, up 21 percentage points from 2011. This surge in the occupancy rate was in part due to a 14% decline in supply.

4.3.6.2 July, August & September

Room nights sold for the July to September period were 30,000 in 2016, up 60% from 2011. During this period, the occupancy rate climbed to 74% in 2016, up 34 percentage points from 2011.

4.3.6.3 Annual

Annual room nights sold totalled 65,000 in 2016, up 21% from 2011. During this period, the occupancy rate was 45%, up from 33% in 2011. Overall, annual room nights available declined by 14%.

Room Nights Sold: Yarmouth & Acadian Shores, 2011- 2016

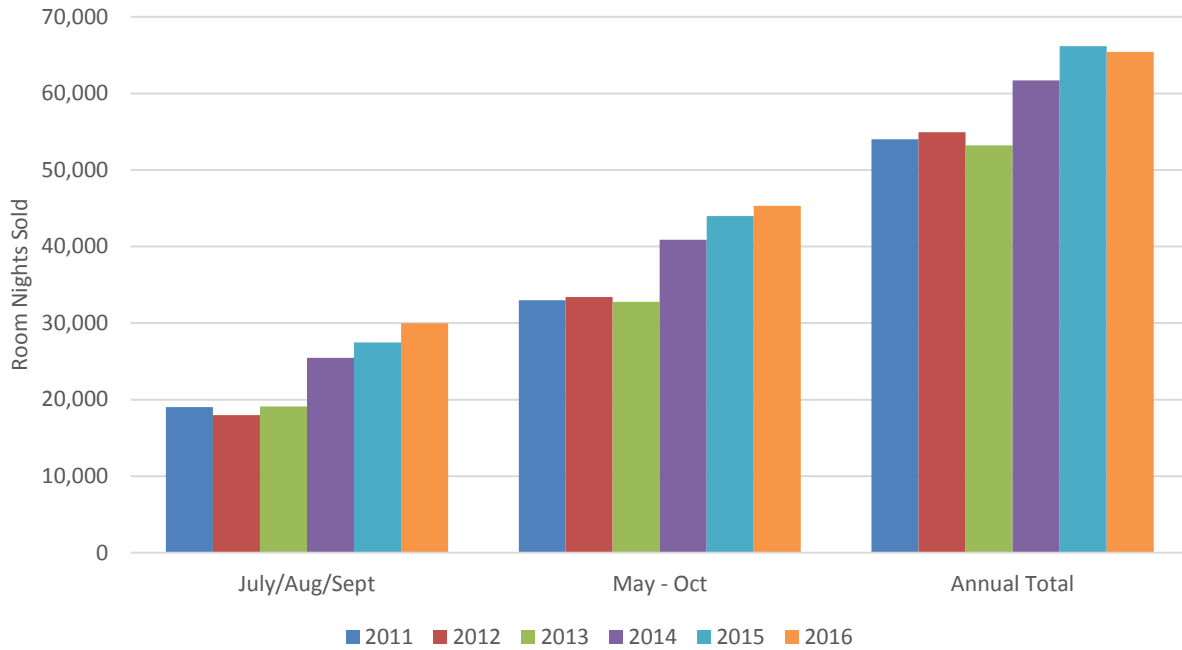


Figure 40: Room Nights Sold: Yarmouth & Acadian Shores, 2011- 2016

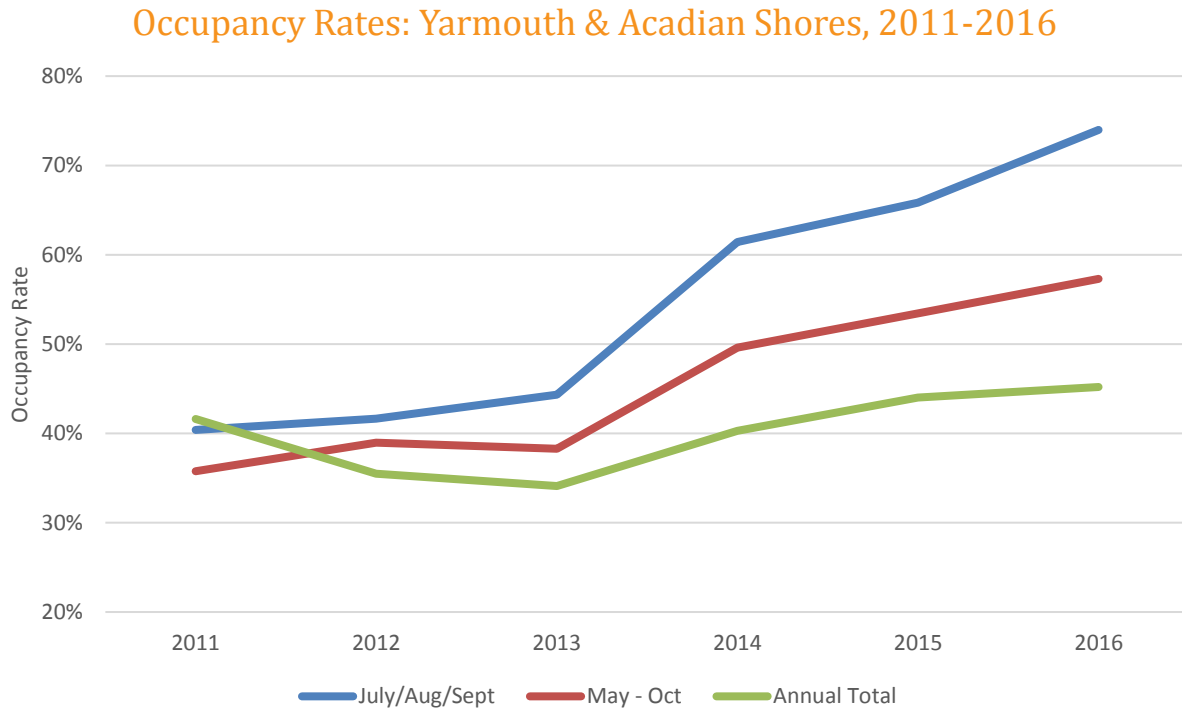


Figure 41: Occupancy Rates: Yarmouth & Acadian Shores, 2011-2016

4.3.7 Halifax Metro

Halifax Metro had over 7,700 units in 81 licensed accommodation properties in 2016. This represents a slight decline in available units from 2011. The region had 40% of all units available in Nova Scotia. Most of the units (over 5,000) are in hotels with another 2,000 at universities and hostels.

Annual room nights sold in Halifax Metro increased by 7% between 2011 and 2016, and by a higher percentage during the peak season. Although supply declined slightly, the increase in occupancy rates is largely a function of increased demand.

4.3.7.1 May to October

Room nights sold in Halifax Metro during the May to October period were 884,000 in 2016. This represents a 9% increase from 2011. Occupancy rates were 71% in 2016 - up 7 percentage points from 2011.

4.3.7.2 July, August & September

Halifax Metro room nights sold for July to September were 488,000 in 2016 - up 9% from 2011. The occupancy rate for this period was 80% in 2016, an increase of 9 percentage points over 2011.

4.3.7.3 Annual

Room nights sold for the Halifax Region totalled 1.45 million in 2016, up 7% from 2011. The average annual occupancy rate was 64%, up from 59% in 2011.

Room Nights Sold: Halifax Metro, 2011- 2016

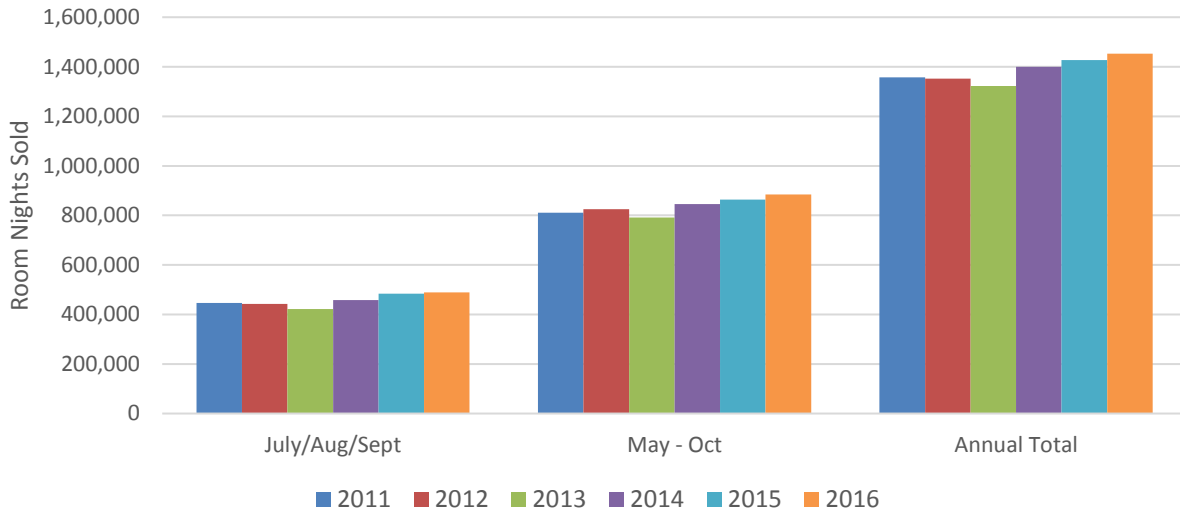


Figure 42: Room Nights Sold: Halifax Metro, 2011- 2016

Occupancy Rates: Halifax Metro, 2011-2016

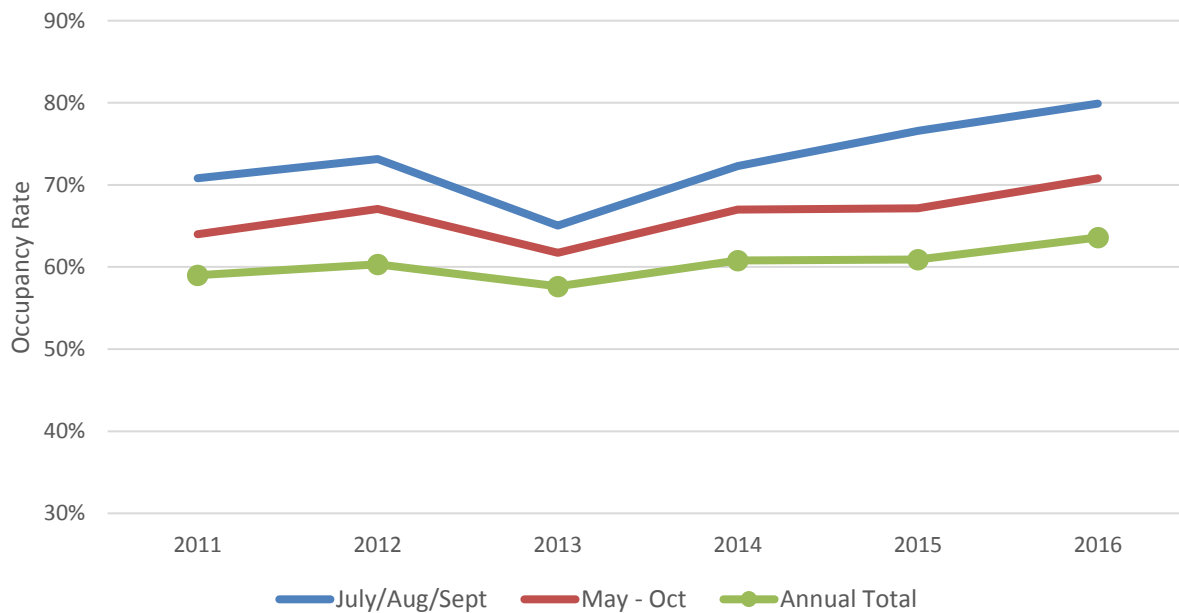


Figure 43: Occupancy Rates: Halifax Metro, 2011-2016

4.4 Property Type

The property type analysis reflects all licensed properties in the province. In some cases, this analysis (e.g., annual resort data) is confidential in accordance with Tourism Nova Scotia reporting guidelines, and is not reported.

4.4.1 Hotels

Hotels represent just 13% of the licensed properties in Nova Scotia but have almost 40% of the units. They also account for 53% of the total room nights available and 63% of all room nights sold. Demand (room nights sold) at hotels increased significantly (14% - 20%) across all periods between 2011 and 2016. Supply (room nights available) also increased, but not to the same extent, thereby supporting increases in occupancy rates.

With most of the province's hotels in Halifax, the demand for this type of property is very much influenced by activity in this region. Hotels in the Fundy Shore and Annapolis Valley, Northumberland Shore and South Shore Regions perform below the provincial average, while those in Cape Breton and Halifax do better than average.

4.4.1.1 May to October

Room nights sold in hotels during the May to October period reached 1.027 million in 2016. This represents an increase of 17% over 2011. The average occupancy rate for hotels during this period in 2016 was 74%, up from 68% in 2011.

4.4.1.2 July, August & September

Room nights sold for hotels in the July to September season totalled 575,000, up 21% from 2011. The occupancy rate in the peak season was 83% in 2016 – an increase of 10 percentage points over 2011.

4.4.1.3 Annual

Annual room nights sold in hotels totalled 1.71 million in 2016, and represented more than 60% of all rooms sold in the province. Annual occupancy rates at hotels reached 63% in 2016, up 4 percentage points from 2011.

Room Nights Sold: Hotels, 2011-2016

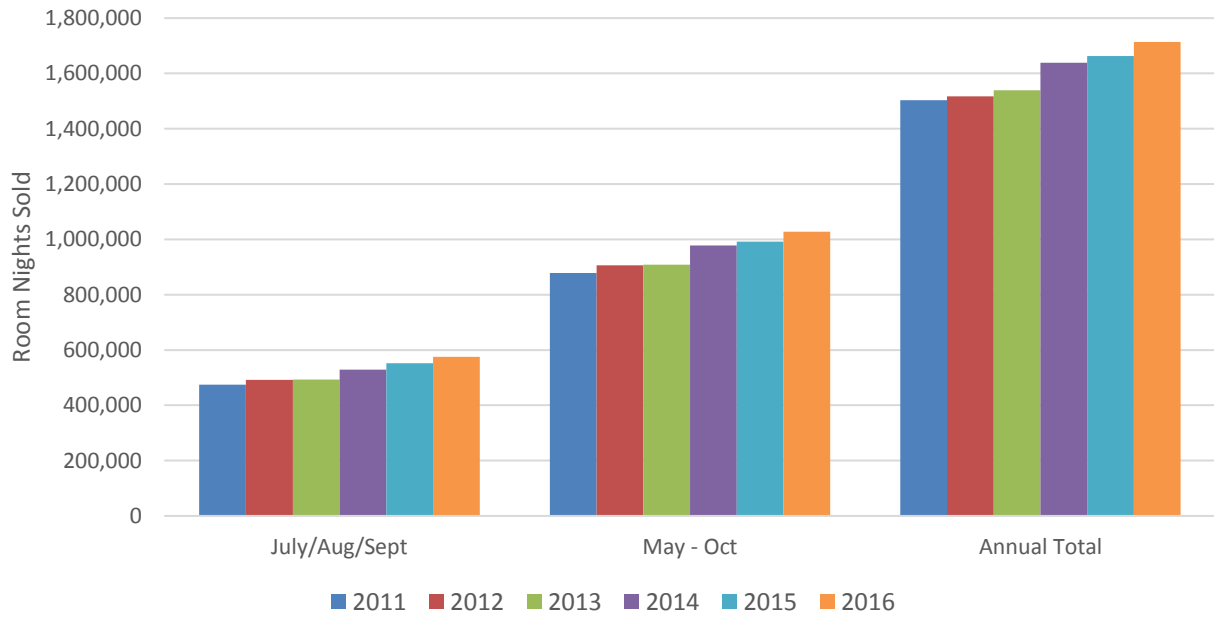


Figure 45: Room Nights Sold: Hotels, 2011-2016

Occupancy Rates: Hotels, 2011-2016

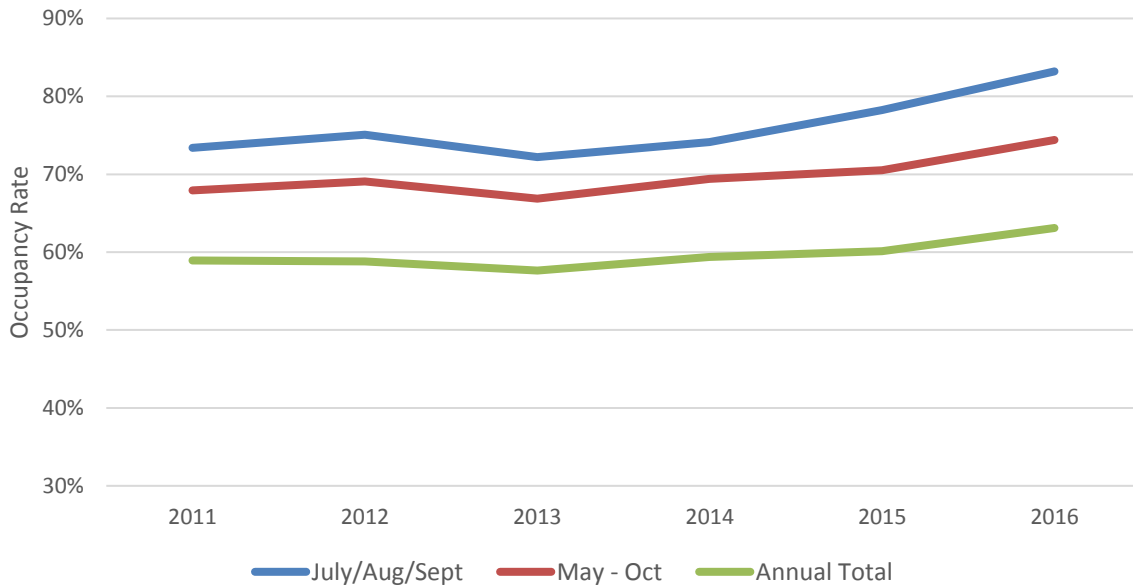


Figure 44: Occupancy Rates: Hotels, 2011-2016

4.4.2 Motels

There were just under 3,000 units at 123 licensed motel properties in Nova Scotia in 2016. This represents 15% of the total licensed units in the province. Motels also captured 15% of total room nights sold in Nova Scotia. Annual demand (room nights sold) for motels declined by 11% between 2011 and 2016. However, since supply (room nights available) declined significantly (-24%) between 2011 and 2016, the occupancy rate grew by 8 percentage points.

Demand for motels grew notably in the Yarmouth and Acadian Shores Region (due to the re-establishment of the ferry service from Maine in 2014) and in Cape Breton in the past couple of years reflecting general growth in these two regions.

4.4.2.1 May to October

Motel room nights sold totalled 306,000 in 2016, a decline of 2% from 2011. Motel supply (units available) declined by 19% resulting in a substantial increase in the occupancy rate. In 2016, the average occupancy rate for May to October was 58% - an increase of 10 percentage points from 2011.

4.4.2.2 July, August & September

In 2016, motels accounted for 197,000 room nights sold with the occupancy rate reaching 71%. Room nights sold increased 4%, while the occupancy rate increased 14 percentage points between 2011 and 2016.

4.4.2.3 Annual

Annual motel room nights sold measured 415,000 in 2016 - a decline of 11% from 2011. Although rooms nights sold increased between 2011 and 2016 for the May to October period, they declined significantly during the remainder of the year. The annual occupancy rate for motels was 50% in 2016, up from 43% in 2011. Despite this gain, the motel occupancy rate was well below that of hotels.

Room Nights Sold: Motels, 2011-2016

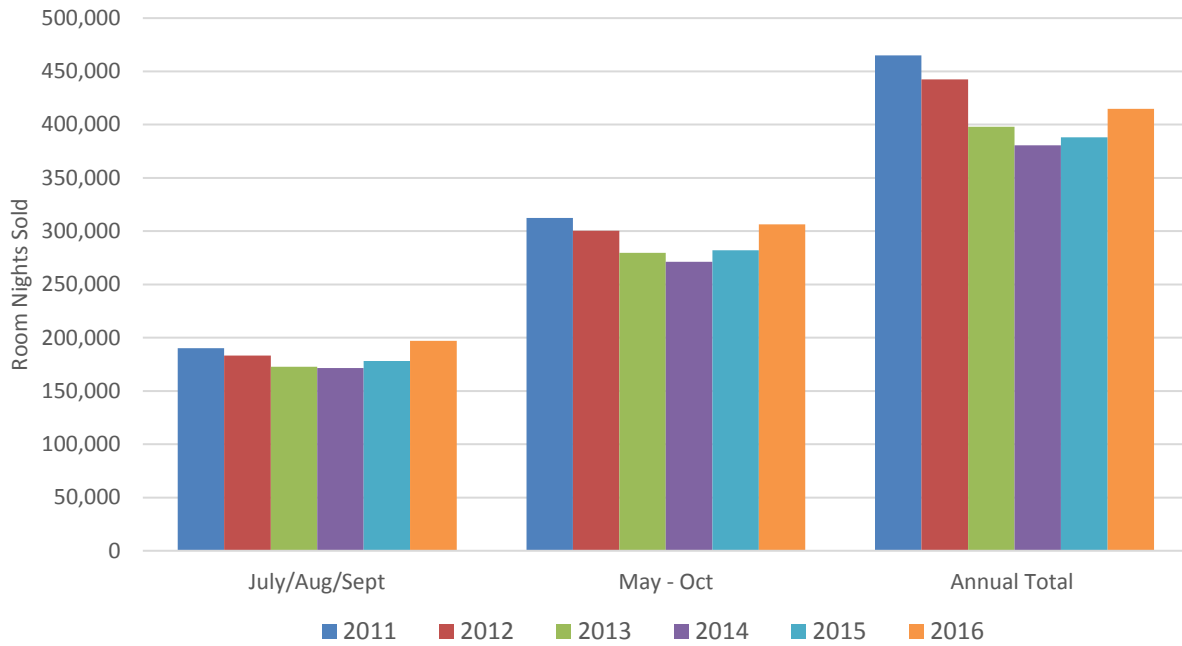


Figure 47: Room Nights Sold: Motels, 2011-2016

Occupancy Rates: Motels, 2011-2016

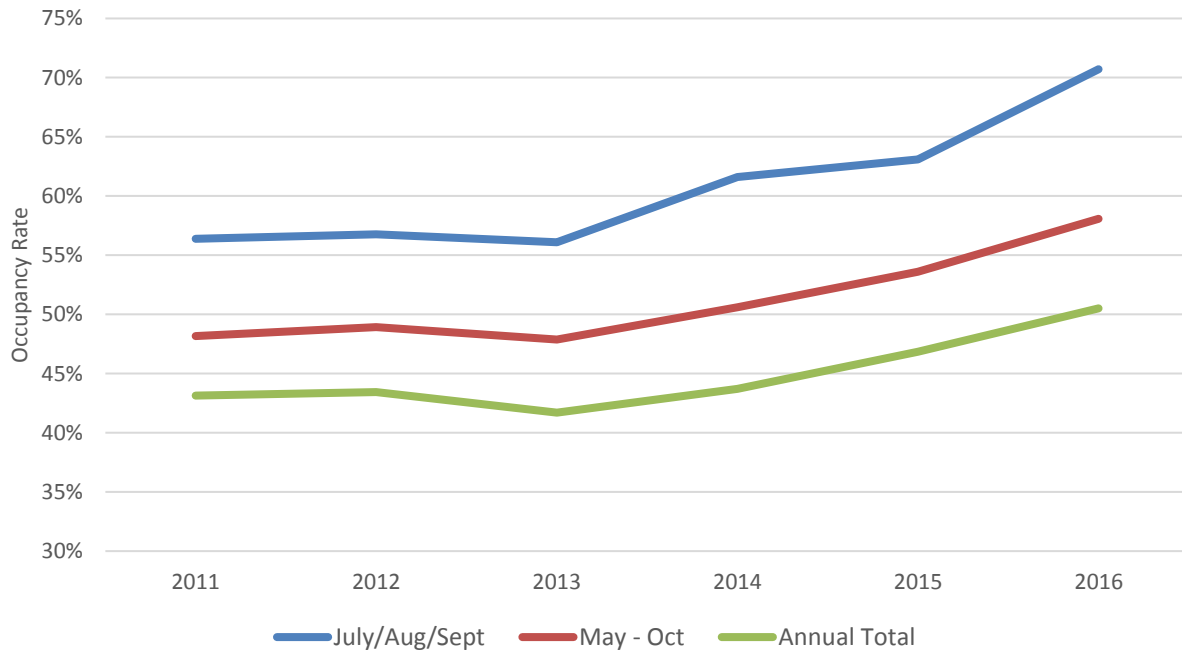


Figure 46: Occupancy Rates: Motels, 2011-2016

4.4.3 Inns/B&B Inns (5+ rooms)

In 2016, the Inn/B&B accommodation category provided almost 1,000 licensed units (5% of the provincial total) in 87 properties.

They also accounted for 5% of room nights sold. Demand at Inns/B&B Inns showed the highest relative increase among all property types between 2011 and 2016 - a 22% jump in room nights sold. This is likely a reflection of their appeal to growth market segments.

Inn/B&B Inns room nights available represented 5% of 2016 total supply in Nova Scotia – a slight decline from 2011. The combination of a significant increase in demand and a small decline in supply supported strong growth in occupancy rates for all time periods. In the past two years, growth in demand for this type of accommodation has been particularly strong in the South Shore, Cape Breton and Halifax Regions.

4.4.3.1 May to October

Room nights sold in Inns/B&B Inns for the May to October period reached 112,000 in 2016, up 23% from 2011. The occupancy rate hit 62% in 2016 – an increase of 14 percentage points from 2011. This reflects a 5% decline in available room nights combined with a strong increase in demand.

4.4.3.2 July, August & September

Room nights sold for the July to September period in 2016 (74,000) were up 25% from 2011. During the same period, the occupancy rate climbed from 59% to 76%. The occupancy rate gained 5 percentage points in the last year alone.

4.4.3.3 Annual

Rooms nights sold for the entire year reached 140,000 in 2016 - up 22% from 2011. Despite gains over the past six years, the annual occupancy rate for Inn/B&B Inns was relatively low in 2016 at 50%.

Room Nights Sold: Inns/B&B Inns 2011-2016

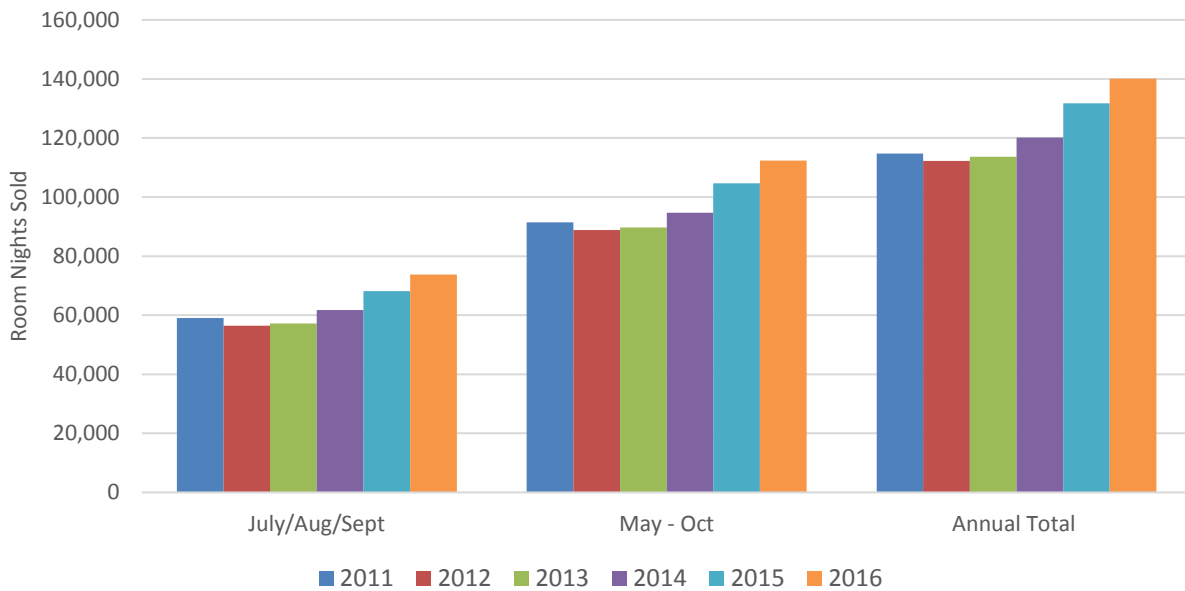


Figure 48: Room Nights Sold: Inns/B&B Inns 2011-2016

Occupancy Rates: Inns/B&B Inns, 2011-2016

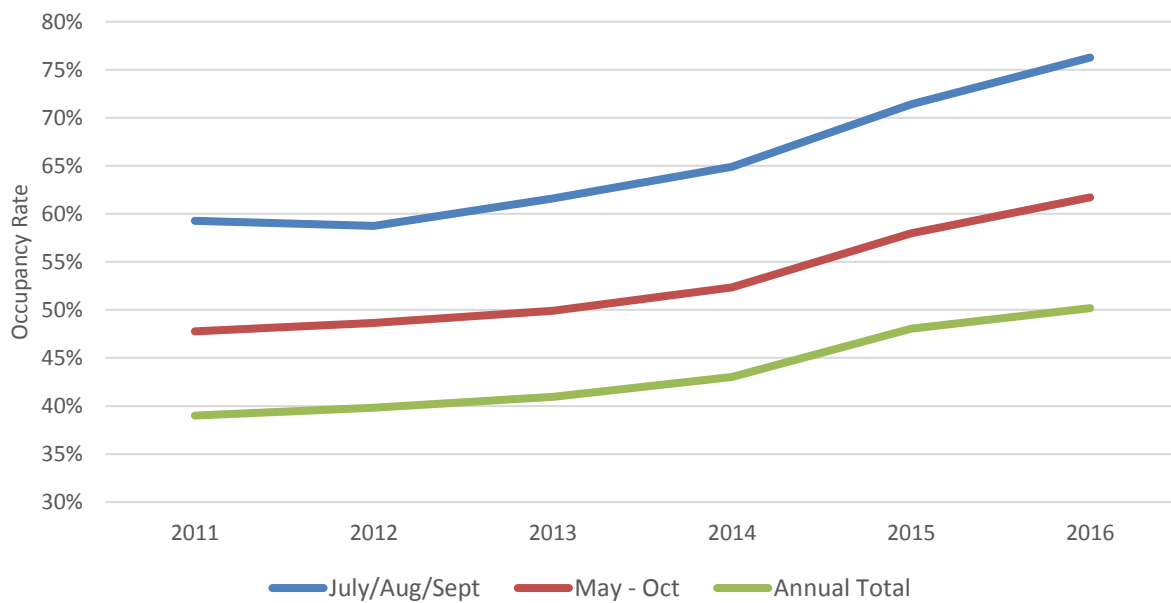


Figure 49: Occupancy Rates: Inns/B&B Inns, 2011-2016

4.4.4 B&Bs

In 2016, Bed and Breakfast properties (B&Bs) provided 614 units of licensed accommodations in 224 properties. With an average of only 3 units, these are the smallest accommodation properties in Nova Scotia. B&Bs represent only 3% of units in the province, but 27% of the properties.

B&Bs account for only 2% of the province's total room nights sold, while representing 3% of the province's total supply. Room nights sold in this category increased by 1% between 2011 and 2016 while supply (room nights available) declined significantly (- 30%). This combination supported strong growth in occupancy rates.

Cape Breton, South Shore and the Fundy Shore & Annapolis Valley B&Bs performed better than average with peak season occupancy rates exceeding 60% for these regions in 2016. This is a highly seasonal property type with many B&Bs closed outside of the peak season.

4.4.4.1 May to October

B&B room nights sold totalled 47,000 for the May to October period in 2016. This was unchanged from 2011. Room nights sold for this period declined in 2012, 2013 and 2014, before starting to recover in 2015. Supply (room nights available) declined significantly (-31%) between 2011 and 2016. As a result, occupancy rates increased by 14 percentage points, but remained below 50% (45%).

4.4.4.2 July, August & September

The trend for July to September was similar to that of May to October, with a significant decline in supply, and room nights sold declining until 2015. Largely influenced by declining supply, occupancy rates nearly reached 60% in 2016.

4.4.4.3 Annual

Annual room nights sold for B&Bs were 52,000 in 2016. The annual occupancy rate was 32% - an increase of 10 percentage points.

Room Nights Sold: B&Bs 2011-2016

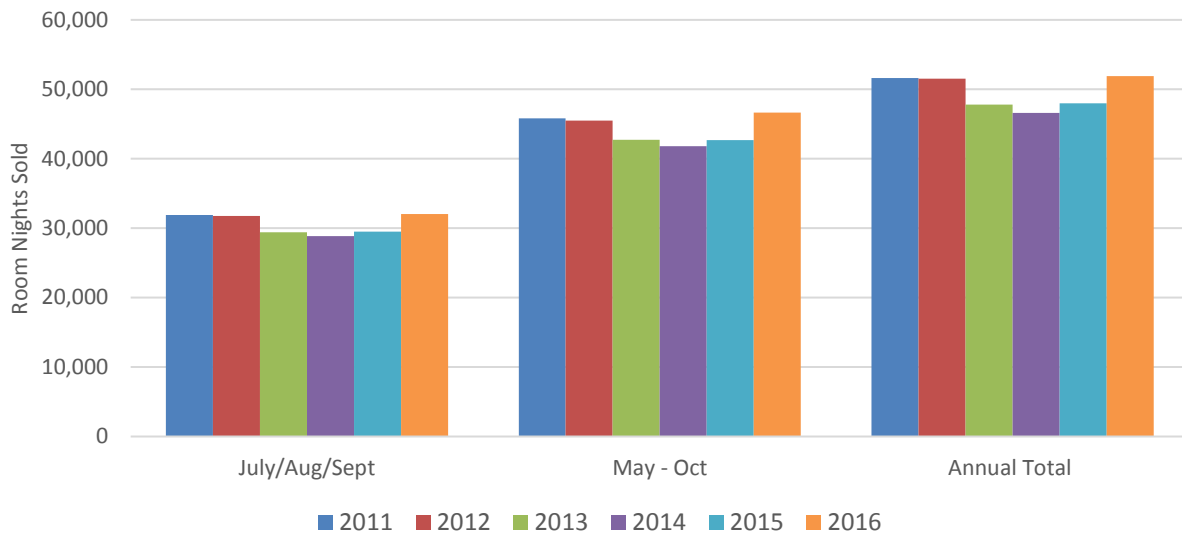


Figure 50: Room Nights Sold: B&Bs 2011-2016

Occupancy Rates: B&Bs, 2011-2016

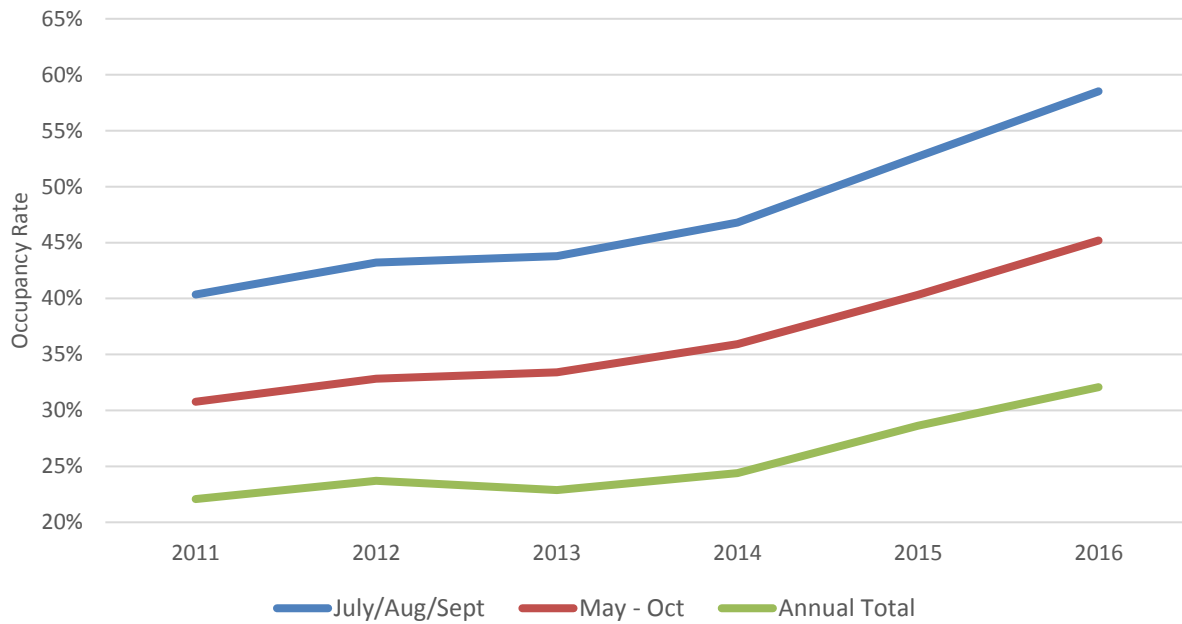


Figure 51: Occupancy Rates: B&Bs, 2011-2016

4.4.5 Cottages, Cabins and Tourist Homes

In 2016, there were almost 1,400 units at 264 licensed cottage/cabin and tourist home properties, representing 7% of all licensed units in Nova Scotia. Room nights sold at these properties represented 5% of total room nights sold in the province, and increased by 10% between 2011 and 2016.

Supply (room nights available) in the cottage/cabin and tourist home category declined by 10% between 2011 and 2016. In 2016, this property type represented 5% of total provincial supply. The combination of increased demand and decreased supply supported growth in occupancy rates.

This is a highly seasonal property type, with many properties closed outside of peak tourism periods. Cape Breton cottage/cabin and tourist home properties performed better than average over the past couple of years.

4.4.5.1 May to October

Room nights sold in cottage/cabin and tourist home properties reached almost 112,000 in 2016 - up 10% from 2011. A similar decline in supply supported increasing occupancy rates. Despite gains, the occupancy rate only reached 50% for May to October 2016.

4.4.5.2 July, August & September

Room nights sold in the cottage/cabin and tourist home category reached 80,000 in 2016 – up 8% from 2011. This sector is very seasonal, with over 70% of annual room nights sold in the July to September period. The occupancy rate was 66% in 2016 - an 11 percentage point gain over 2011.

4.4.5.3 Annual

In 2016, annual room nights sold totalled almost 130,000, up 10% from 2011. The annual occupancy rate was 44%, an increase of 8 percentage points between 2011 and 2016.

Room Nights Sold: Cottages/Cabins/Tourist Homes, 2011-2016

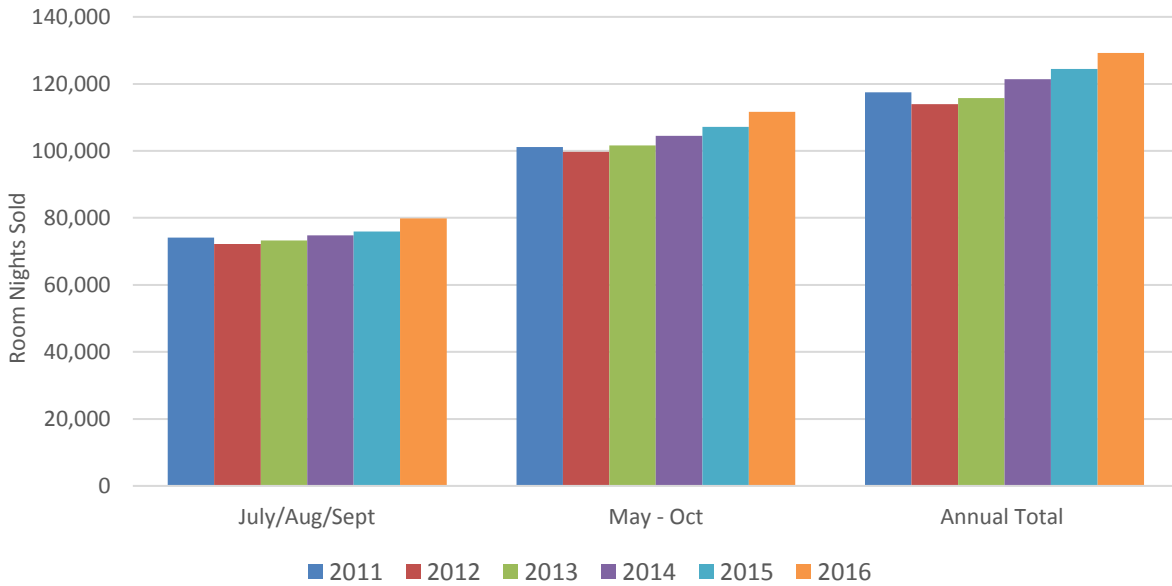


Figure 52: Room Nights Sold: Cottages/Cabins/Tourist Homes, 2011-2016

Occupancy Rates: Cottages/Cabins/Tourist Homes, 2011-2016

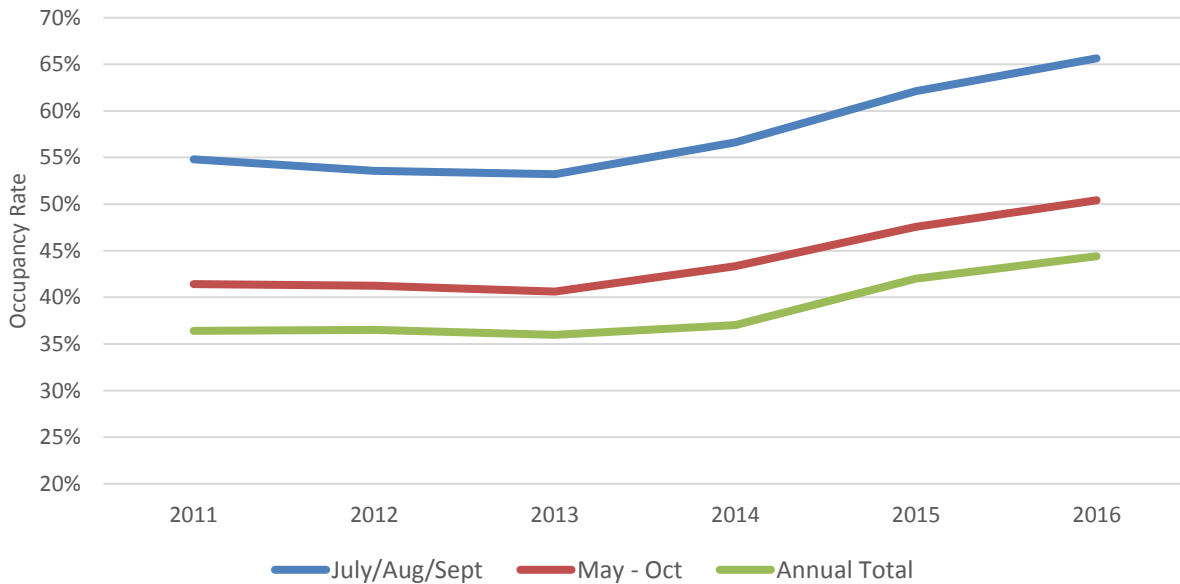


Figure 53: Occupancy Rates: Cottages/Cabins/Tourist Homes, 2011-2016

4.4.6 Resorts

In 2016, Nova Scotia had 11 resorts providing just over 1,000 units of accommodation. This represented 5% of the provincial total. Many of these were seasonal properties and, as a result, annual data is not reported. Resorts accounted for 5% of May to October room nights sold in Nova Scotia and a similar percentage of room nights available.

Room nights sold at resorts increased by 5% between 2011 and 2016. This increase in sales, combined with a 15% decline in room nights available supported growth in occupancy rates.

4.4.6.1 May to October

Resort room nights sold reached almost 100,000 room nights for the May to October period in 2016 - up 5% from 2011. The occupancy rate was 59%, up 11 percentage points. A decrease in the supply of available units contributed to the occupancy rate increase.

4.4.6.2 July, August & September

Over 66,000 room nights were sold in the peak season for 2016, a gain of 8% from 2011, and 12% from 2015. The occupancy rate for resorts reached 73% in 2016 - up 16 percentage points from 2011. Most of this growth occurred since 2014.

Room Nights Sold: Resorts 2011-2016

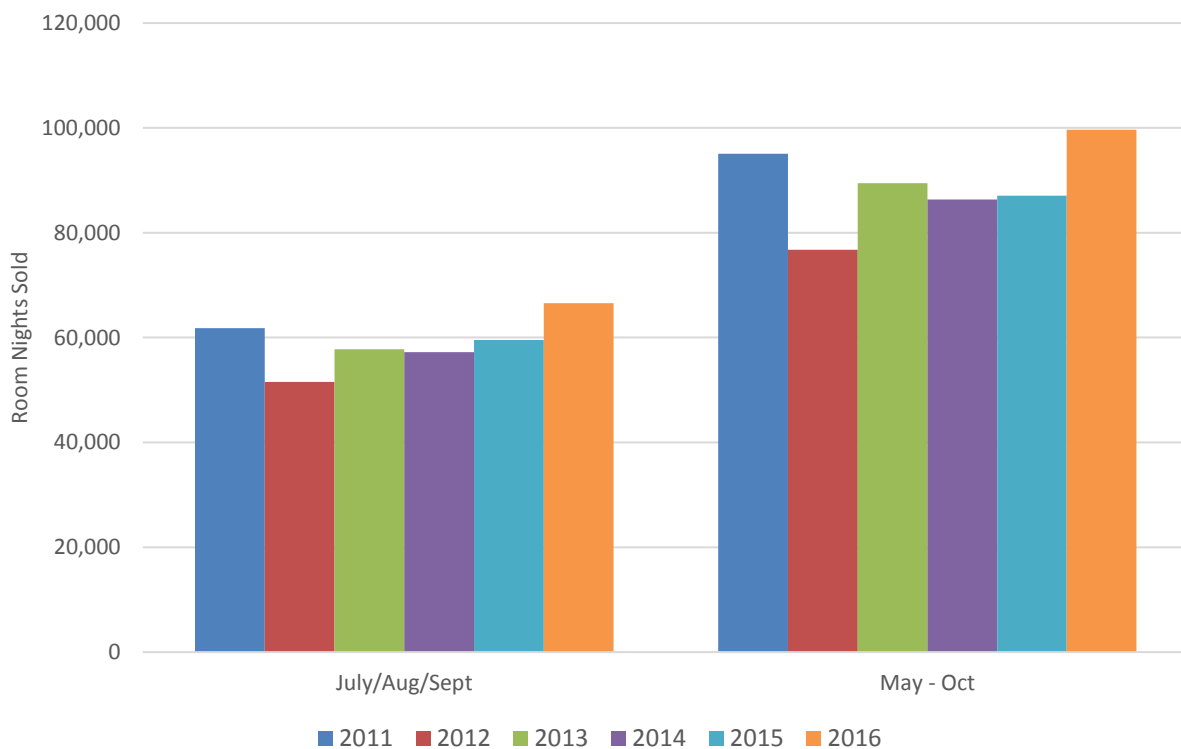


Figure 54: Room Nights Sold: Resorts 2011-2016

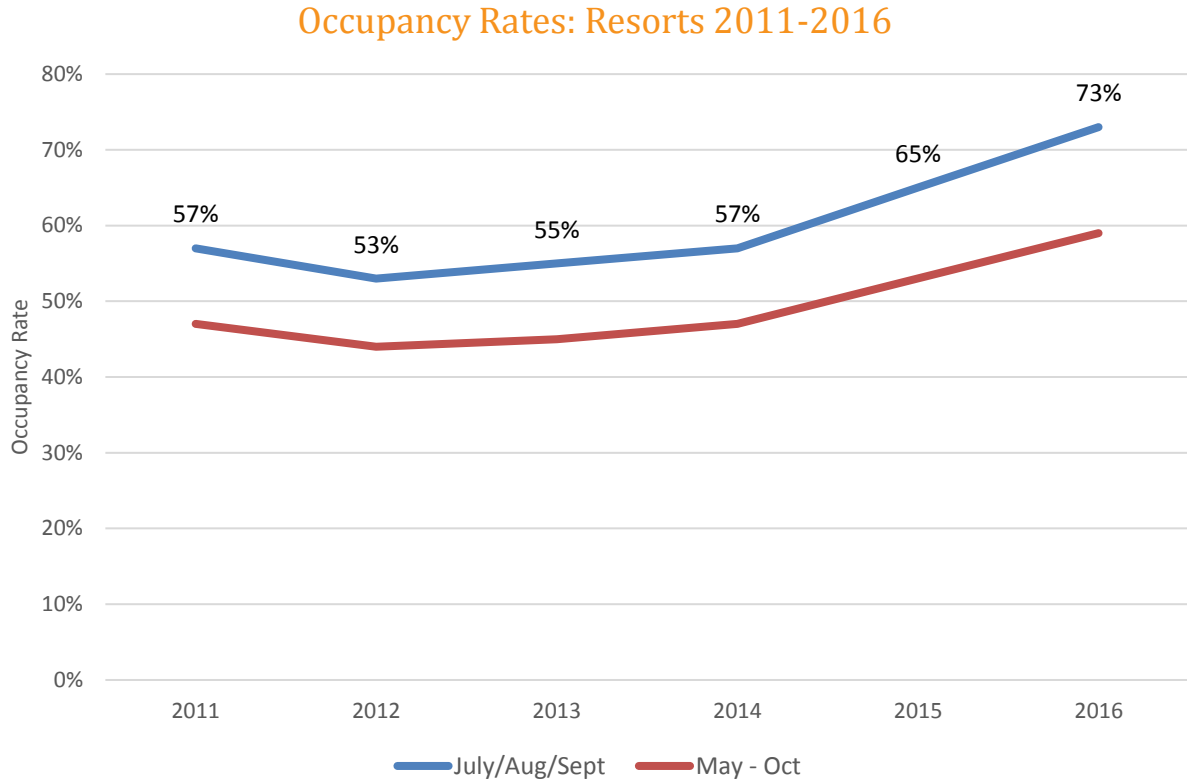


Figure 55: Occupancy Rates: Resorts 2011-2016

4.4.7 Universities and Hostels

In 2016, Nova Scotia had 17 universities and hostels providing 4,906 units of accommodation. The vast majority of this category is comprised of university accommodation, with 4,648 or 95% of these units attributed to the province’s eight universities. This property type represented 33% of the total provincial room inventory. Nearly all of these were seasonal properties and, as a result, annual data is not reported. In fact, universities are only open between May and August. Despite accounting for a third of supply, universities and hostels only represented 6% of May to October room nights sold in Nova Scotia.

Room nights sold at universities and hostels increased slightly (5%) between 2011 and 2016. This slight increase in sales, combined with a large increase in room nights available (+29%) meant that the occupancy rate slipped from 23% to 19%.

Room Nights Sold: Universities & Hostels 2011-2016

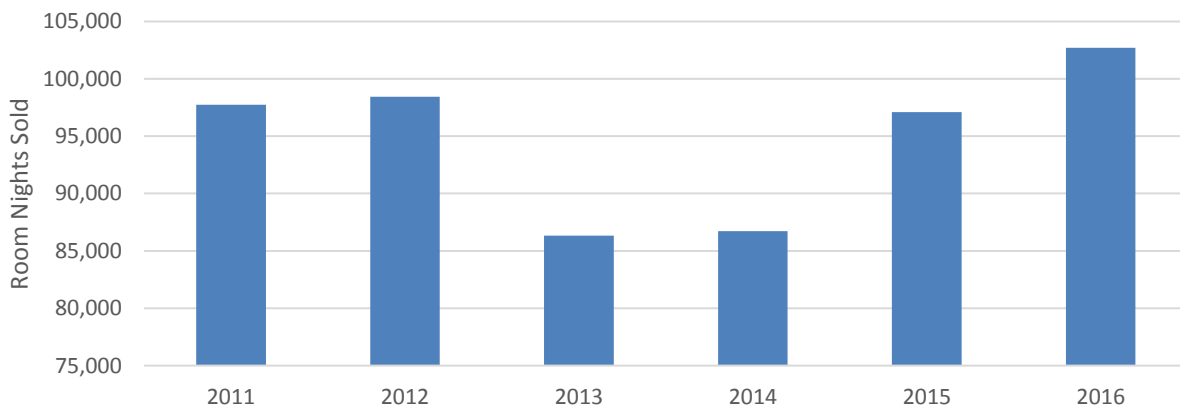


Figure 56: Room Nights Sold: Universities & Hostels, 2011-2016

Occupancy Rate: Universities & Hostels 2011-2016

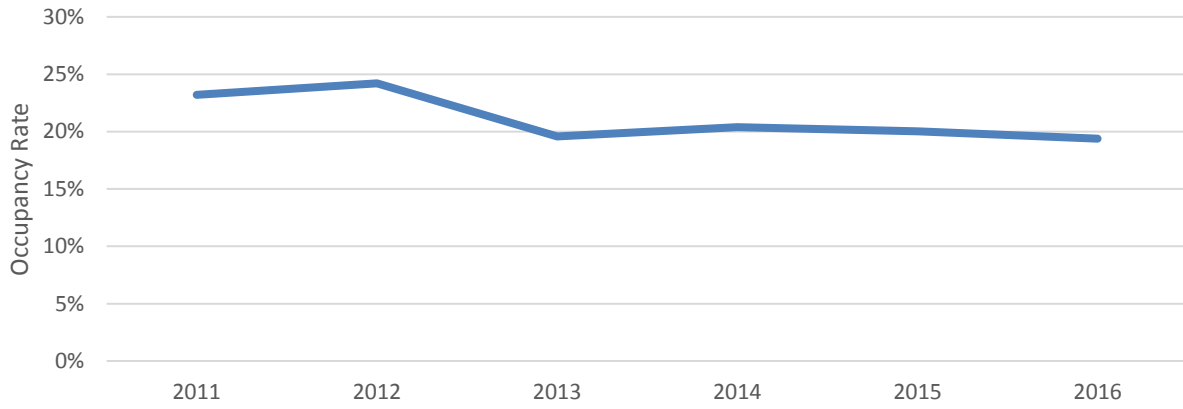


Figure 57: Occupancy Rate: Universities & Hostels, 2011-2016

4.5 Selected Communities

Accommodation supply and demand was analyzed for selected communities across the province. This analysis was for the “community and area” which is generally as shown on www.novascotia.com under the name of the community. This includes the community named as well as smaller surrounding communities. Analysis is inclusive of licensed properties only (data is unavailable for unlicensed properties).

Community analysis was focused on the May to October and July/August and September periods, since relatively few properties are open during the remainder of the year. Analysis was carried out for the five-year period between 2012 and 2016.

Three Cape Breton ‘destination communities’ registered high occupancy rates in the July, August and September season denoting potential capacity issues during this period:

- Inverness and area
- Ingonish and area; and
- Cheticamp and area.

In the peak season, these communities surpassed their supply constraint threshold whereby business is being lost to the local area. The solid performance in these three communities suggests opportunities for expansion, however, peak season supply constraints are unlikely to translate to financial viability without solid shoulder season activity. These findings provide insight into the strong Cape Breton Region performance which dramatically outpaced provincial growth (+7%) by threefold (+22%).

Two communities that are approaching the potential capacity issue threshold are Baddeck and area; and Lunenburg, Mahone Bay and area. Activity at these two communities should be monitored closely.

More detailed community analysis is not included in this report due to its confidential nature²⁵.

²⁵ Tourism Nova Scotia guidelines to ensure confidentiality prohibit the release of data in cases where fewer than 6 properties are open, where one property represents more than 33% of the available rooms and where the reporting rate is less than 85%, for any period.

4.6 Airbnb

In 2016, Airbnb hosts earned a median average of \$4,400 for the year²⁶, based on 35 overnight hostings²⁷. A total of 52,000 guests were hosted during the year - a 142% increase over 2015.

Guests stayed an average of 3.3 nights in each host property, with an average party size of 2.3. Interestingly, two thirds (66%) of guests were female. Of note, two in five guests (the party member who made the booking) were over 50 (44%), and between 30 and 50 (43%). One in ten guests were under 30. The mean average age was 39. Nine out of ten guests (88%) were from North America, while 9% were European and other overseas (3%).

On an annual basis, estimates of Nova Scotia based Airbnb total revenue ranged from \$5.6 million²⁸ to \$9.85 million²⁹.

4.7 Quality

Table 10 profiles average TripAdvisor ratings and occupancy rates for a range of property groupings. This analysis was intended to develop an understanding of the relationship between accommodation quality and performance.

The general conclusion taken from this work is that higher quality properties (based on TripAdvisor ratings) consistently perform better than poorer quality properties in the same property class. The most significant quality related performance improvement was in hotels and motels outside Halifax. The occupancy rate was 22 percentage points higher among high rated properties relative to the lowest rated properties in this category. It is noteworthy that this is also the group with the greatest quality gap between the best property group and the lowest rated property group (over 1 point on the 5-point TripAdvisor scale).

The gap in Halifax hotel/motel performance was also notable – 21 percentage points. The occupancy rate gap for B&Bs was a modest 2 percentage points, although the TripAdvisor gap was the largest out of the 4 property types.

In summary, quality correlates positively with demand although the intensity of the relationship varies by property type. In general, as the TripAdvisor rating improves, so does the occupancy rate. Most importantly, this work supports the business case that an investment of time, effort

²⁶ Median average based on proprietary analysis of Airbnb 2016 proprietary booking data. Converted to Canadian from \$3,300 US.

²⁷ The source of Airbnb statistics in Section 4.6 is Airbnb 2016 proprietary booking data, unless noted otherwise.

²⁸ Aggregate spending estimate based on median average, not mean average. As such, this estimate is likely conservative.

²⁹ Based on supplementary analysis conducted on TNS Airbnb commissioned scrape.

and resources in a quality visitor experience has a positive impact on occupancy rate, and by extension potentially the bottom line. In the case of hotels and motels, the impact on performance is dramatic. For example, the 22 percentage point difference in occupancy rates for hotels and motels outside Halifax translates to a dramatic 51% increase in room nights sold at the property level.

The strong correlation between quality and occupancy rates for hotels and motels, suggest better returns would be realized when quality initiatives are directed at lower quality establishments among these property types. The lower correlation for B&Bs and cottages and cabins would seem to indicate a lower priority for quality initiatives among these properties. Nightly rates and yield management are not reflected in the available data and are therefore beyond the scope of this analysis. Quality initiatives could generally be expected to support operators in improving yield management, regardless of property type.

Table 10: Relationship Between Quality and Demand

Property Type ³⁰	Top Rated		Lowest Rated	
	TripAdvisor Rating	Occupancy Rate	TripAdvisor Rating	Occupancy Rate
Halifax Hotels & Motels	4.43 to 4.85	75.3%	2.25 to 4.23	54.0%
Hotels/Motels outside Halifax	4.46 to 4.89	65.5%	1.97 to 3.41	43.3%
B&B's (May – Oct)	4.97 to 5	52.0%	3 to 3.84	50.0%
Cottages and Cabins	4.5 to 5	56.0%	1.78 to 3.98	50.0%
Vacation Rentals (May - Oct)	4.71 to 5	61.0%	-	-

³⁰ Licensed properties only.

5 KEY FINDINGS AND INSIGHTS

5.1 Supply and Demand

At a provincial level, there are no overall accommodation supply issues, however analysis reveals specific areas with supply issues during the peak season. Even within the peak season of July to September, the provincial occupancy rate is 76% (excluding universities and hostels) and there is considerable underutilized capacity. It bodes well that the provincial peak season occupancy rate is up by over 13 percentage points compared to 2011. Specific examples of present supply constraints were identified. In some key communities, supply of either the right type and/or decent quality is insufficient³¹. Special events, weddings and local demand exacerbate the challenge for travel trade and out-of-region high yield visitors to find suitable accommodation.

Outside of Halifax, Yarmouth and Acadian Shores posted the highest peak season occupancy rate (74%). July to September occupancy rates in Cape Breton reached 73% in 2016, up from 60% in 2011. Peak season occupancy rates registered 68% in the South Shore (2016).

July to September occupancy rates were less robust in the Eastern Shore (50%), Fundy Shore and Annapolis Valley (52%) and Northumberland Shore (50%). It is important to note that university accommodation is included in the latter two regions. The inclusion of universities depresses overall occupancy rates. With universities excluded, occupancy rates in these two regions increase significantly. This is a key consideration for potential investors.

The July, August and September occupancy rate in three Cape Breton ‘destination communities’ registered relatively high occupancy rates denoting supply constraints. Communities with the greatest capacity issues in the July to September period were:

- Inverness and area
- Ingonish and area; and
- Cheticamp and area;

In the peak season, these communities surpassed their supply constraint threshold whereby business is being lost to the local area and in extreme cases the province (e.g., tour operator is unable to assemble a tour to meet client requirements). This is a very recent phenomenon, with communities only crossing this threshold in the past year or two. This is a relatively short time period to expect supply to respond to the high occupancy rates. Early bookings for 2017 are very strong – suggesting heightened problems this year with accommodation availability in these

³¹ Evidence of supply constraints in peak season includes monthly occupancy rates showing steady growth and over 85% for 2 – 3 years or longer. When area occupancy rates approach this threshold, it is likely that business is lost due to turning customers away.

communities. The solid performance in these three communities suggests opportunities for expansion, however, peak season supply constraints are unlikely to translate to financial viability without solid shoulder season activity.

Two communities are approaching the occupancy rate threshold: Baddeck and area; and Lunenburg, Mahone Bay and area. Activity at these two communities should be monitored closely, as trends and market conditions suggest that they may soon experience supply constraints.

Halifax is a healthy market that eventually self-corrects and grows incrementally in tandem with demand. In Halifax, the July to September 2016 occupancy rate (excluding universities) was over 85% indicating a supply/demand imbalance. Strong performance and reduced seasonality in this market makes it attractive for new capacity – evidenced by the six developments representing approximately 1,000 rooms under various stages of construction/consideration.

New accommodation development will play an important role in achieving the Nova Scotia tourism industry's goal to double tourism revenues. This supply expansion will need to coincide with increasing demand to ensure financial sustainability. Accommodation development must be balanced with investment in product development, etc.

A range of acute pinch points were identified where accommodation supply is outpaced by demand for short periods. Examples of these are well known – Celtic Colours, Stan Rogers, large Halifax events/conferences, etc. However, in most cases the isolated peaks in demand will not generate the business case to justify an increase in supply. Depending on the location and time of year, some of these pressures may be mitigated through the sharing economy and underutilized university inventory.

The university offering is distinct from traditional accommodation, but offers a viable alternative for some travellers. In fact, our interviews suggest that universities intend to be more proactive in pursuing tourism opportunities, as well as partnerships within the industry. It is also acknowledged that short term accommodation rentals within the sharing economy will continue to grow organically in response to these opportunities. This dynamic supply is well suited to the market and financial conditions described above.

5.2 Quality

Key informant interviews consistently cited significant quality concerns, lamenting the tired and dated state of many Nova Scotia properties. There are a select group of properties in the province that are seen to deliver exceptionally high-quality. Notable among these properties are some that are exclusive to the sharing economy. Much of the province's accommodation is tired and in need of major upgrades – particularly décor, furnishings, linens and fixtures. This was a common theme, regardless of location, tenure or operator sophistication. It is imperative that operators increase quality among lagging properties.

Deluxe licensed properties in Nova Scotia, even in Halifax, are rare. Tour operators report shortages of high-quality, boutique inns/cottages for the FIT (Fully Independent Travel) market - to respond to customer demand for upscale properties in communities. This, combined with supply constraints in some key destinations, is starting to impact business volumes. Limited supply of quality full service properties for groups limits itinerary options for tour operators.

The province is not seen to be delivering on its commitment to high-quality accommodation experiences – especially for higher-end visitors in the out-of-region priority Explorer Quotient segments. This quality issue has not deteriorated to the point where there is evidence that visitation levels are being compromised, however, the province is limiting its appeal in some markets, such as deluxe/luxury incentive travel. Regardless, there is an opportunity cost in terms of lost revenue through increased room rates that would be unlocked by higher quality. There is also the difficult to quantify cost of Nova Scotia brand erosion. Implicit in the province's strategy to attract high yield visitors is a commitment to exceptional experience so visitors will be compelled to return and act as ambassadors for the province. A scan of TripAdvisor suggests that length of stay is compromised at the community level – and most likely provincially. TripAdvisor has a wealth of comments describing abbreviated stays or outright cancellations due to disappointing quality. This issue is compounded since a negative accommodation experience can adversely impact the overall visitor experience.

While there are best practice Canadian and international case studies that Nova Scotia properties can emulate, key informant interviews did not suggest that Nova Scotia accommodation quality lagged behind comparable destinations.

As the trend analysis indicates, the province has only recently experienced robust growth. A decade of relatively flat room night sales has meant that, in general, operators have been unable or unmotivated to invest in upgrades, leaving many properties behind contemporary standards, traveller expectations and the demands of future travellers. Recent increasing demand and positive external market factors (e.g., exchange rates and buoyant economy) may contribute to reversing the erosion of quality.

Some of the quality gap could be closed with minor resource adjustments. For example – cleanliness and basic service issues do not require expensive fixes. There is clear evidence that consumers sacrificed their preferred level of quality and type of accommodation experience to find available lodging. The province is at a risk of losing business because of the potential negative impact of poor accommodation experiences.

Suitable offerings for the more discriminating Free Spirit segment are particularly scarce. Even Halifax, with its more robust visitor market, is not immune. The province's accommodations will require a more extensive overhaul for this traveller segment. Free Spirits seek out international brands, boutique hotels and luxury hotels that offer spa services and other high-end amenities and services.

When challenged on issues of quality and reinvestment, operators will almost always explain their timeline for quality improvement by highlighting how investment decisions are made in the context of the challenging business case that has prevailed until more recently. They will also point out the challenges in accessing capital, a difficulty that was illuminated by small, as well as larger and often more sophisticated operators.

Considering the above, quality enhancement represents the best opportunity – at least in the short term - to build competitiveness and grow accommodation revenues.

5.3 Seasonality

Seasonality was identified throughout this study as a root impediment to financial viability, reinvestment, staffing and quality enhancement. Seasonality is a long standing, complex and multi-faceted issue that is not unique to Nova Scotia. This challenge is growing as the province experiences increased compression in demand. For example, in 2011, July to September room nights sold accounted for 38.6% of annual demand, while this share grew to 40.7% by 2016. Many of the province's first-time out-of-region pleasure visitors naturally gravitate to the peak season, so complementary and sustained efforts will be required to encourage visitation outside this period. Seasonality will require a dedicated strategy. Addressing this issue has the potential to advance the viability of Nova Scotia properties and allow them to build a stronger business case to support property reinvestment and quality upgrades. The Ivany Report notes the imperative of increased emphasis on rural development. This highlights the urgency of developing a strategy to address rural seasonality.

Precise seasonality (peak duration, timing and patterns) are area specific and vary depending on location within Nova Scotia. A basic approach to address seasonality is to grow the season at the margins, incrementally in markets, where demand can be cost effectively triggered. The risks from this approach are relatively lower for the operator who can open earlier or tag on expenses to the end of their ordinary cycle, rather than ramping up for a portion of the year when they ordinarily shut down. The breadth of the industry must be marshalled in any effort to address

seasonality, and the normal cycle of labour force availability must adjust. Accommodations are by-and-large not a demand generator so local attractions, parks, restaurants, experiences, communities and other partners must be engaged. There are market opportunities in the shoulder seasons, particularly mid-late fall (into early November) but this requires a coordinated effort by all players.

It is fundamentally important to address seasonality considering the \$4 billion goal. Without a robust extended season, it is not financially viable to develop the types and volume of accommodations required to meet the increased demand that will occur as the province moves towards the \$4 billion mark.

Halifax is not immune to seasonality, but to a large extent it is buffered by commercial travel, event-driven travel, and professional and trade-related conferences and meetings.

5.4 Barriers to Growth

Outside of Halifax, financial viability is a prevalent issue. After several years of lower occupancies, rates have only materially improved in the past year or two. From an industry wide perspective, visitation increased to 2.24 million in 2016 – growth of just under 15% since 2011. Prospects are positive for the 2017 season as well.

Despite these gains, May to October 2016 occupancy rates were only 66% province wide (excluding universities), while July to September performance reached 76%. These occupancy levels combine with other challenges (e.g., high operating costs, staffing, access to capital and succession planning) to make viability a real issue for many accommodation operators. Knowledgeable industry informants suggest these financial issues work against reinvestment, resulting in a downward spiral of diminished quality and further compromised viability.

The circumstances suggest a role for succession planning as one of the solutions. Operators that see the possibility of a workable transition to a new owner may be incentivised to continue to maintain their offering with that transition in mind.

5.5 Needs and Opportunities

Regardless of the accommodation type, markets are expecting more than just clean and comfortable lodging with good service. Visitors want contemporary décor, queen or king beds and free Wi-Fi that is of sufficient signal strength and quality to stream video. They are also looking for value-adds, such as full breakfast included –not simply muffins and coffee. Being in a community with evening activities is also important, as the opportunity to connect with locals is important to all three priority Explorer Quotient segments. Properties firmly engrained in the community will have a competitive edge.

Food/beverage is a leading travel motivator. Visitors are increasingly seeking out ways to experience communities and the local way of life. Sampling local food and drink is one of the more popular ways to accomplish this when travelling. Travellers are planning their trips around where to eat – seeking quality, locally inspired food and beverage experiences. Eating can connect visitors to the area, while offering unique insight into the local culture. Access to fresh local ingredients onsite or through local restaurants and dining experiences – including vineyards, breweries and farms - provides a clear competitive advantage. Astute operators will capitalize on the growing connection between hospitality and gastronomy. Leaders in this space will co-offer these experiences with music and other forms of locally offered entertainment.

Boutique style inns and hotels are increasingly popular with travellers. Peak season occupancy rates for these two accommodation types is close to 80% - the highest among all property types. Higher end quality cottages/cabins have long been popular with visitors. Small, cozy, intimate, branded boutique experiences are preferred, but TripAdvisor and social media make it possible for an independent operator to attract a following and develop a brand. Boutique inns and hotels typically provide elements of the B&B experience (including personal service) that attract high TripAdvisor ratings, while allowing for privacy beyond which the B&B can be expected to provide. High service from the staff at the boutique property can also bridge the community connection (e.g., tips on things to see and do, and information on authentic local experiences) that is so valued by Nova Scotia's priority Explorer Quotient markets.

Discovery of local experiences by 'living like a local' is a growing phenomenon. In fact, in recognition of this trend, Airbnb adopted the slogan "Don't go there. Live there." in its 2016 marketing campaign. Accommodation operators are partnering with local businesses and community organizations to bring experiences into the hotel. This provides travellers with an alternative to the Airbnb 'embedded' experience at a traditional accommodation. Accommodation operators are advised to differentiate themselves in some way (e.g., food and beverage, décor, locally themed, fun, unusual and cutting-edge technology).

In camping, demand for *glamping*, camping cabins, and unique styles such as yurts, is increasing. These innovative camping experiences have been successfully tested and implemented in Nova Scotia – both in national parks and by private operators. These types of accommodation are popular with visitors and are attractive for operators because of their relatively low investment. Luxury camping accommodation structures can also be a more financial viable alternative to expand seasonal accommodation capacity in an existing accommodation operation. While this niche accommodation will incrementally move the supply needle, it cannot materially close the gap in the supply expansion required to meet the \$4 billion goal.

5.6 Implications of the \$4 Billion Goal on Accommodation Supply

Reaching \$4 billion in tourism revenues in Nova Scotia is an increase of 54% over 2016 revenues of \$2.6 billion. Clearly, the additional receipts must come from both increased visitation and greater spending by all travellers in the province.

Revenue accruing to roofed accommodation in Nova Scotia, both licensed and unlicensed properties, represented just over 15% of total tourism revenues in 2015. Assuming the same proportion in 2016, accommodation revenue was \$395 million this year.

A simplistic approach to determining the implications of \$4 billion in total tourism revenues on the need for accommodation supply in the province would be to suggest that a proportional increase in the number of accommodation units will be needed. Using this approach, and applying it to just the licensed units (excluding the units at universities), suggests another 8,000 units would be needed. There are, however, many factors at play in this type of analysis including:

1. There is significant capacity in the existing accommodation inventory to handle more demand. This capacity varies by region and community. Some of it may not be in the locations or types of properties that visitors are looking for. Variables to be considered include:
 - What level of occupancy is achievable during various periods of the year and in different locations around the province?
 - To what extent can demand be encouraged to shift from areas where there is limited to capacity to areas where there is space in accommodations?
 - To what extent can the season be extended in both spring and fall and visitors attracted in these periods?
2. Reaching \$4 billion in tourism revenues includes increased spending due to inflation. Over the next eight years, a cumulative inflationary factor in the range of 10% would occur if inflation rates were to stay similar to current levels. But what about price increases beyond inflation? Supply-demand pressures and general improvements to quality could result in additional price increases, which would help contribute to increased accommodation revenues without any changes to capacity. Variables to be considered include:
 - Will prices increase beyond inflation? By how much? And will the increases be consistent across the province?
 - Will accommodation properties upgrade to the point that they can ask, and get, higher prices?
 - Will new (and existing) markets be prepared to pay higher prices?

3. Will the accommodation revenue as a percentage of total tourism revenue remain at current levels, increase or decline? This factor alone has a major impact on this analysis. If the proportion remains around 15%, accommodation revenue would be around \$600 million at \$4 billion in total tourism revenues, roughly \$205 million more than in 2016. However, if accommodation revenue were to increase to say 20% of total tourism revenues, it would reach \$800 million, double today's level.

With these, and other, factors at play, the analysis of how many additional accommodation units will be required in Nova Scotia to handle the increased demand for accommodation associated with a tourism industry worth \$4 billion is very speculative.

The core assumptions used in our analysis were as follows:

- Occupancy rates increase in all regions of the province, in the peak and shoulder seasons and, to a lesser extent, in the winter months. In other words, the existing inventory of accommodation will handle some portion of the increased demand. Our analysis used varying assumptions as to the achievable occupancies in each region of the province, and in different seasons.
- Average prices at accommodations increase more than inflation, by 15% more in Halifax Metro and 10% more in the rest of the province.
- Accommodation revenue as a percentage of total tourism revenue increases from current levels (approximately 15%) to 18.5% because of a shift in visitor origins and more visitors with higher levels of spending and longer stays at commercial accommodations. Accommodation revenues are therefore estimated at \$740 million with \$4 billion in total tourism revenue.
- The inventory of accommodation units at universities and hostels was excluded from this analysis. This is a significant inventory that might help fill the gap in supply. However, much of it is not of the type and quality that will be demanded by Nova Scotia's visitors; and
- The inventory of accommodations in the sharing economy was also excluded from the analysis.

The conclusion, based on the assumptions described above, is that some 4,500-6,000 additional units will be needed when tourism revenues reach \$4 billion, having taken into account the 1,000 units currently planned or under development in Halifax. As noted above, this is very speculative and could vary significantly with changes in the key assumptions described above.

The following comments are also important:

- The approximately 1,000 units already under construction or planned for the Halifax area has been factored into our analysis so the 4,500 – 6,000 is net of these units.
- These additional units could be provided through a combination of:

- Traditional accommodations
- Emerging accommodation types such as glamping units
- Alternative accommodations through the sharing economy; and
- Accommodations at universities and hostels
- This 4,500 – 6,000 additional units is an estimate of the number needed during the peak season.

6 STRATEGIC OPTIONS FOR MOVING FORWARD

This section is a consolidation of opportunities to align the accommodations sector with current and future demand in the context of the \$4 billion tourism goal. Strategic approaches for moving forward are outlined. Nova Scotia's tourism industry's goal is to achieve \$4 billion in tourism revenues by 2024, an increase of 50% over current levels. Achieving this will involve a combination of more higher yield visitors, and greater average spending by all visitors. From an accommodations perspective, significant new supply will be required to house the new visitors. Our analysis suggests a need for some 4,500 – 6,000 units – reflecting both traditional and alternative accommodations - to achieve the \$4 billion revenue goal. And with new higher yield visitors, there will be an expectation for high-quality accommodation experiences.

Better accommodation quality will attract better rates – helping to close the gap on \$4 billion. More effective use of existing capacity – by shifting demand around the province, and expanding the season – will advance the needle, without new capital investment. A combination of all these measures will be required to reach \$4 billion. Finally, more alternative accommodations will help address peak season capacity issues.

6.1 Programming

There are a range of programs and funding opportunities available to support Nova Scotia tourist accommodations in specific areas of financing, operation, etc. These funding and other business support services include service and experience improvement available through Tourism Nova Scotia, Tourism Industry Association of Nova Scotia, ACOA and other partners; as well as a wide range of more general business supports. A detailed inventory of funding, support programs and other assistance, including specialized programs, is documented in a companion stand-alone report *Inventory of Funding Opportunities and Support for Tourist Accommodations*. This has several intended uses, including promoting awareness and uptake of existing programs among accommodation operators. The guide will help operators navigate a diverse and complex array of programs and services designed for their benefit.

In today's competitive environment, an accommodation operator needs to capitalize on every possible advantage, including providing quality experiences for its guests. Tourism Nova Scotia is committed to supporting and promoting quality tourist accommodations in the province. To that end, TNS has developed a Guide to Starting and Operating an Accommodation Business in Nova Scotia <https://tourismns.ca/development/business-development/business-resources> .

New Brunswick's Provincial Nominee Program (NBPNP) for Immigrant Investors³² is held out as a best practice by key informants to this study that should be adopted in Nova Scotia. Notwithstanding past problems with immigrant investor schemes in Canada, some provinces are evolving toward a focus of using immigration as a means to advance provincial interests with respect to investment attraction. The innovative New Brunswick program – Succession Connect - offers a means to attract immigrants to acquire businesses from resident owners seeking to exit as part of their succession plan. Through this pilot program, newcomers to the province may acquire an established business in New Brunswick. This program provides opportunities for new immigrants seeking business investments, as well as for local business owners who would like to pass on their enterprises to business-minded newcomers to New Brunswick who may continue the legacy of the business.

The funding model for the New Brunswick program is instructive, in that it represents a joint approach involving a number of key collaborators. The New Brunswick Department of Post-Secondary Education, Training and Labour is providing \$103,000 for the Succession Connect project, while the government of Canada, through the Atlantic Canada Opportunities Agency's Business Development Program, is contributing \$260,000. The City of Fredericton is providing \$78,000, and a number of corporate sponsors committed \$66,000. This New Brunswick program is a fresh approach to attracting immigrant investment, and evidence of the growing recognition of the need for a renewed approach to immigrant investment.

Access to financing is a challenge. Even sophisticated operators must be creative in finding offshore investments. This approach to recruiting dollars is beyond the reach of most operators. Minimum equity requirements to attract bank financing must change, while the possibility of viably transitioning ownership will impact the attractiveness to lenders. There is an opportunity for government to play a role here.

6.2 Access to Capital

Through this project, we identified a range of programs (financial and otherwise) to support accommodation viability (detailed in a companion report: Inventory of Tourist Accommodation Funding Opportunities and Supports). There are a range of investment sources to support accommodation investment – both private and public. Tourism representatives generally see tourism financing as impractical and less accessible due to the unique challenges of the industry, while lenders are not always sensitive to these matters. This challenge is exacerbated when tourism investments are being held to the same metrics as other sectors (e.g., information technology, green energy and manufacturing). Foremost among these challenges is the seasonality and the misalignment of cash flow with monthly financing charges; and the longer repayment terms required for accommodations. Moreover, the share of equity needed to attract

³² http://www2.gnb.ca/content/gnb/en/news/news_release.2016.10.0968.html

bank financing is challenging – 60%, according to interview participants. For older and lower valued properties, this ratio may not even attract the threshold of lending needed to reinvest in anything other than new linen. Initiatives to address these considerations include:

- Key informants emphasized the importance of improving access to capital for accommodation operators. The industry is not fully connecting with the opportunities that are currently available. It is necessary to make it easier for operators to find out what is available.
- Provide information to help ‘redirect’ lenders in terms of opportunities, terms and conditions, etc. Lenders must also receive the right data to make decisions (e.g., occupancy rates for better quality accommodations).
- Government supported investment programs must be aligned with the unique aspects of tourism (e.g., rural nature and seasonality).
- Government related investors (e.g., CBCDs and BDC) consider the competitive situation as a major factor in their funding decision. Unless there is clear evidence of unsatisfied demand or a new demand generator is planned, the potential negative impact on existing businesses is a big factor. Dialogue will be required to understand the right balance of a market-aligned offering and competitive impact.
- Lenders are more likely to approve financing if the business can show high levels of demand accompanied by a need for major upgrading.
- Align funding criteria as outlined above to balance financial viability, tourism industry growth, visitor demand and competitive impact.
- Promote the use of this work and associated analysis to operators and developers seeking investment. The findings from this work highlight specific opportunities and financial viability relative to overall industry statistics.
- ACOA and TNS can leverage their access to more detailed analysis to proactively encourage specific high opportunity development.
- CBCDs handle \$25 million in loans for all sectors. Efforts are necessary to greater involve these lenders in tourism.
- Highlight select accommodation investment opportunities to be featured by NSBI. This requires sustained relationship building and knowledge sharing between tourism and NSBI officials. The criteria outlined herein could be used in part to identify the opportunities to be featured.
- Given the perceived attitude of private traditional banks for tourism investment generally and accommodation specifically, hold a summit to help bridge an understanding. Consider highlighting operators who have been successful in their fundraising – traditional or otherwise – at this ‘summit’; and

- Finance a business case/concept plan for priority opportunities (e.g., destination accommodation, branded boutique hotel/inn and glamping) to be shared with prospective operators and developers.

6.3 Funding Opportunities: Expansion

Expansion can improve the overall viability of an accommodation property and also help address accommodation capacity and quality issues, and should be considered for support. The overall strategic approach should be to strengthen properties that clearly have solid potential to improve their viability and to satisfy the expectations of new markets. Conditions to be assessed should include:

- Evidence of peak season occupancy rates approaching 90% or more and evidence of turn-aways at the property.
- Quality operation – as evidenced by consumer reviews.
- Significant local and regional appeal, existing or in final planning stages (attractions, experiences, golf courses, destination hiking trails, wineries, etc.) such that the area is a tourist destination. This would include opportunities for early and late season activity.
- Accommodation property (and proposed expansion) that is of the quality and type that fits with Tourism Nova Scotia's priority market segments and with markets visiting the area.
- Forecasts of the impact of the expansion on the property's overall financial viability.
- Proposals for the addition of amenities that would expand the appeal or operating season of the property.
- Management sophistication, participation in TIANS quality training and other reassurances that management will embrace a quality service culture; and
- Although not expansion in the context of new rooms – existing operators can cost effectively extend their market reach through sharing economy distribution channels. This approach could be promoted through Nova Scotia Approved value-added training, market readiness initiatives, etc.

6.4 Funding Opportunities: Upgrading

6.4.1 Major Upgrades

Upgrading can be a cost-effective way to improve the overall viability of an accommodation property, while addressing quality issues, and should be considered for support. The overall strategic approach should be to strengthen properties that clearly have solid potential to improve their viability and to satisfy the expectations of new markets. This will support the overall goal of reaching \$4 billion by increasing average rates and unlocking opportunities with new high yield markets. Upgrading will also leverage under-utilized capacity as noted by the performance/quality correlation. Conditions to be assessed should include:

- Accommodation experience transformation – a re-design or total upgrade – will enable a property to align its offering with the demands of the new high value consumer, while improving business viability. Such a transformation would involve repositioning the property, opening up new markets and responding to opportunities presented by priority market segments and higher yield visitors. These more elaborate accommodation upgrades should be considered for support, using many of the same conditions as those identified above (Section 6.3); and
- Develop a business case and concept design to support/seed accommodation make overs. An example would be a cost-effective refresh to a dated roadside motel. This will potentially benefit multiple properties and reassure the investor with a tested professional concept.

6.4.2 Minor Upgrades

Minor upgrades include soft good and décor improvements. Possible initiatives to improve property quality with minor upgrades include:

- Décor and soft goods such as furnishing, linens, and drapes are a critical part of the visitor experience, creating an immediate and lasting impression. These should be part of regular re-investment and maintenance and not considered for support. Group buying should be considered in this context; and
- Expand the scope of Nova Scotia Approved to provide operators with more detailed and prescriptive feedback. These written reports could form the basis for an application for financing by contributing to the business case for financing. This could be modelled in part, on the former TIANS program where properties could apply for help with décor etc. Under this initiative, a designer was assigned to work with operators to provide options at different investment levels. To take it to the next level – once they have a report on upgrading, the program could help them apply for financing from a bank, CBCD, etc.

6.5 Funding Opportunities: New Supply

Supply expansion outside Halifax should be encouraged with a measured and strategic focus. Halifax market conditions and year-round business create a different business environment and a more dynamic self-correcting marketplace where competition and market forces ensure that supply adjusts to demand more organically. Supporting new property development outside of Halifax should be considered under select conditions. Development criteria include:

- Evidence of capacity issues in peak periods (July to September) in the general area and in similar types and quality of properties. Such evidence would include steady growth in peak season occupancy rates over 85% for at least 2 – 3 years. Outcomes of these market conditions include diminished visitor experience, shorter length of stay and lost business. Some key informants suggested that some operators in these high demand areas are selling rooms regardless of property quality due to high local visitation.
- Significant local and regional appeals, existing or in final planning stages (e.g., attractions, experiences, golf courses, destination hiking trails and wineries) such that the area is a tourist destination. Specific examples revealed during this research include growing awareness around Burntcoat Head Park/Dining on the Ocean Floor and recent private sector investment in communities such as Inverness and Ingonish. This would include opportunities for early and late season activity.
- Co-branding where synergies and strong branding already exists with a local attraction/experience (e.g., winery, craft brewery and restaurant).
- Accommodation projects that are of a quality and type that fits with Tourism Nova Scotia's priority market segments, and with the markets visiting the area.
- Projects that diversify the offer in popular destination areas, for example, providing a luxury experience or a cottage operation where none currently exist.
- Proponents that have appropriate experience and qualifications and a well-developed business plan and feasibility study.
- Consideration of the net overall benefit to the region and other tourism businesses, such as restaurants, attractions, entertainment, as well as the impact the new project(s) would have on upgrading the accommodation experiences in the entire area. For example, will new properties and new competition encourage existing properties to upgrade, therefore benefiting the entire area as a tourist destination?; and
- Consideration of other plans for accommodations in the area, such as major expansion of existing properties and other new developments.

6.6 Improve Service Quality

High-quality service is necessary to encourage guests to return. Industry operators must move above basic standards and exceed expectations. It's one thing to attract new visitors, but quality will encourage them to return. Possible initiatives to improve property quality include:

- Key informant interviews pointed to significant gaps in the service quality at many licensed properties in the province. TIANS (directly and through its Sector Council partner) offers an extensive suite of training programs including hiring and recruitment. Consider expanding these to encourage greater up-take in the industry.
- One-on-one coaching is generally seen to be the most effective means to address quality. TIANS has recognized this in its Nova Scotia Approved program which contains dimensions of quality assurance and coaching to move properties to the next level. To this end, enhance and expand mentorship programs. One-on-one sessions will allow the coach and operator to collaboratively identify customized quality solutions.
- Introduce proactive mentorship and training to help new immigrant investors understand the province's tourism industry and respond to the opportunities available.
- A mystery shop style approach is a complementary tool to build quality and market readiness. This involves sending qualified people to work with operators and take them to the next level – covering many aspects of the business. This could be expanded in 'Nova Scotia Approved 2.0' to include business coaching, design expertise, etc.
- Low cost enhancements (e.g., cleanliness and maintenance) by operators will go a long way toward improving visitor experience. Simply elevating to a basic standard will address many of the negative comments on TripAdvisor.
- Operators should leverage social media to improve quality. TripAdvisor reviews are increasingly used in selecting accommodation. Operators must be responsive to this unsolicited feedback. For example, operators should enhance service and cleanliness in response to customer concerns. It is also in the operator's best interest to respond to guest feedback. In doing so, operators are seen to be open to suggestions and constructively addressing the issue. Research supports this. If a response is not made to a bad comment, the poster will only recommend the location 1/3 of the time. If there is a response, the recommendation rate doubles to 2/3. It is also important to graciously acknowledge positive reviews, while noting that guests are your top priority (or similar). Operators should be proactive in encouraging reviews, while translating the personal connection they have with their guest to an online review (including guest photos, etc.).
- Airbnb is seen to be providing value to its community through weekly email blasts with tips on quality, safety, etc. and by hosting discussion forums. This approach to market readiness should be considered by Nova Scotia Approved. Managed appropriately, this will be seen in a positive light by Nova Scotia Approved members as a value add.

- Expand the scope of Nova Scotia Approved to consider TripAdvisor reviews in the property assessment; and
- Recognize that although TripAdvisor is the best-known site, it is not the only platform for consumer generated reviews. Twitter, Facebook etc. must also be monitored.

6.7 Seasonality

There is overwhelming agreement that seasonality is a critical issue. This is a complex challenge that must be addressed before industry viability is materially improved. Reduced seasonality will also make the industry more attractive to investors.

Nova Scotia's short season is an underlying issue that has a major impact on many aspects of the province's accommodations offering, and significantly impacts accommodation viability. The highly seasonal nature of Nova Scotia's tourism industry (outside of Halifax) is a major constraint to the development of new accommodation properties. High capital investment requirements, relatively low room prices (and low margins), staffing challenges, high operating costs, long market development times and difficulties obtaining financing combined with what is currently a 3 – 4-month peak operating season, and uncertainty around medium to long term external market factors make the financial viability of the accommodations sector a challenge. Potential initiatives to address seasonality include:

- Seasonality is by no means unique to Nova Scotia. There is an opportunity to use other destination efforts as instructive case studies. For example, New Zealand's³³ efforts to address seasonality have succeeded to the point that shoulder season growth is more than double that of the peak. New Zealand Tourism now invests exclusively in the shoulder season.
- Seasonality is a complex problem that potentially requires significant resources to mitigate. Consider pilot area(s) within Nova Scotia to trial the effectiveness of various measures and build momentum. For example, the South Shore is engaged in an event-driven initiative to grow tourism outside of the peak season. Many believe that there is a sound case to extend the Cape Breton fall season later in October and into November to fully appreciate the fall colours. Another example is Destination Cape Breton's recent commitment to a 'Winter in Cape Breton' initiative with a primary focus on the local market.
- Seasonality will require an all-of-government commitment, where provincial, federal and municipal governments work together, as this approach to addressing seasonality must involve parks, museums, attractions, transportation access and marketing.

³³ <http://www.tourismnewzealand.com/news/shoulder-season-growth-outweighs-peak>

- It is expected that Nova Scotia Communities, Culture and Heritage’s new festival and event strategy will highlight the importance of authentic festivals that will extend the season and attract high value audiences.
- Implicit in any efforts to materially mitigate seasonality is additional marketing emphasis on the shoulder and winter months. It will be important to consider whether the resources (potentially through regional groups or otherwise) to accomplish this are available. In this regard, regional groups will potentially require additional marketing capacity.
- Work with the travel trade to develop experiences during periods of soft demand (particularly European travellers since they have an acknowledged interest in travelling early and late in the season); and
- The Seasonal Tourist Business Designation is seen as a disincentive to open in the off-season, discouraging year-round tourism. Our work suggests that this legislation is not materially affecting the operating season of accommodations. The legislation was designed to provide tax relief to seasonal tourism businesses by reducing their tax bill by 25%, when properties were closed for four months of the year (not necessarily consecutive). However, the fact that just under half (46%) of the province’s rooms are seasonal; over nine in ten (93%) of the seasonal rooms operate between May and October or a period within; and few of the remaining 7% of the seasonal properties appear to operate eight months of the year, suggests that this may not be a critical issue.

6.8 Business Skills

Interviews and a TripAdvisor scan suggest opportunities to build business skills among owners and operators as well as employees. Possible initiatives include:

- TIANS has conducted workshops on succession planning, while CBDCs have related resources. Businesses for sale and succession factors may be behind much of the complacency (e.g., I’m going to sell/retire so don’t want to invest). This speaks to an even larger capacity issue if these properties close. This is exacerbated by some sellers who are seen to have inflated ideas of their property’s value.
- An expanded Nova Scotia Approved Program with training in areas such as financial health (e.g., yield management and cash flow). Coaching and mentoring on interior design and facility upgrades are other opportunities to build business skills under an enhanced program.
- NSBI could be enlisted in investment readiness. Appropriate investment opportunities (e.g., scale and appraisal) could potentially be brokered through NSBI on a trial basis.
- Workshops on developing investment prospectuses/packages could be useful in this very technical field; and

- Continued training for operators to work more effectively with the travel trade is necessary. Despite knowledge building efforts in the past, there continues to be a gap in the understanding and ability of many operators to respond to travel trade enquiries and requirements.

6.9 Summary

The complex challenge of aligning accommodation supply with the \$4 billion tourism revenue goal requires a system-wide holistic approach, and participation from accommodations operators and industry leaders, as well as other service providers within the tourism industry. The challenge of access to capital is an example of an area where a multi-pointed solution is necessary. Access to capital is an issue for operators. The business case can be challenging due to many factors including seasonal cash flow and the availability of qualified employees. The challenge is compounded because traveller motivations are influenced by many things that are beyond the control of any one operator. Further, operator exit strategies are frequently missing or weak, and lenders will consider this in assessing financing risk. A coordinated approach in this regard may bolster the succession potential of the industry, through immigration for example, so that the value of the business is maintained and not exclusively tied to the longevity of the current operator.

More generally, a coordinated approach to seasonal offerings, access to financing, programming in the off-season, collective efforts at succession planning, etc. is required. Adding to existing accommodation supply in isolation will not fully address the challenge of providing the supply of accommodations needed to support a \$4 billion tourism industry.

APPENDIX A: KEY INFORMANTS

Accommodation Needs Assessment Stakeholder Interview List		
Organization	Contact	Position
Atlantic Tours	Richard Arnold	President
Jonview Canada	Corrine Fuoco	Product Development & Contracting Atlantic Canada
Vision Atlantic Vacations	Maria Matthews	Owner
Canadvac Travel Services	Franziska Fenselau	Owner
Globus	Stephanie Parr	Director, Contracting
Tourism Industry Association of Nova Scotia (TIANS)	Darlene Grant Fiander	President
TIANS	Lisa Dahr	Manager Professional Development
TIANS	Glenn Squires	Chair
Discover Halifax	Ross Jefferson	President & CEO
World Trade and Convention Centre	Dawn Baldwin	
Bed & Breakfast Association	Gordon Townsend	President
Campground Owners Association of Nova Scotia	Angela Doiron	President
ACOA (Mainland)	Rob McDonald	Economic Development Manager
ACOA (Mainland)	Doug Phelan	Manager, International Business Development
ACOA (Cape Breton)	Cathy MacKenzie	Account Manager
ACOA (Cape Breton)	Joe Cashin	Director, Enterprise Development
Tourism Nova Scotia	Darlene MacNeil	Supervisor, Port Hastings VIC
Parks Canada	Kelly Deveaux	Visitor Experience Manager
Cabot Links	Ben Cowan Dewar	Co-Founder & Managing Director
NS Communities, Culture and Heritage	Stacy Oxner	Director of Events
Dalhousie University	Lyle Quinn	Acting Sales Manager
Acadia University	Bob Caissie	Senior Manager, Event Services

APPENDIX B: INTERVIEW GUIDE

Tourism Nova Scotia, in partnership with the Atlantic Canada Opportunities Agency (ACOA) is undertaking a Tourist Accommodation Needs Assessment to position the province's accommodations sector within the broader context of North American tourism trends and consumer preferences. This information will provide decision-makers with a framework to inform future accommodation and accommodation related investments.

Group ATN has been engaged to conduct this work. An early component of the research involves interviews with key strategic tourism partners and stakeholders. NST has identified you as a key informant and asked us to reach out to you and invite your input to this important study.

Your input will be valuable as tourism partners work to ensure that the supply of accommodations continues to meet the demand and expectations of visitors. Any information you provide will be treated as confidential. We prepared the following questions to act as a guide for our discussion.

A: Overall Accommodation Readiness

1. Are Nova Scotia accommodation ready to respond to demand from high yield out-of-region visitors (i.e. high spending visitors from outside Atlantic Canada) – particularly first-time visitors? Is the accommodations sector, keeping up with visitor expectations? What are the major issues?

What is changing in the expectations of markets you work with, with respect to accommodations?

2. What are the most relevant trends in tourism as they relate to accommodation opportunities (e.g., developments such as sharing economy)?
3. Is accommodation quality a factor in industry growth? If so, how and what information are you receiving that suggests this is the case?
4. Do high yield accommodations play a role in attracting high yield travellers? Are there exceptions? What must happen in Nova Scotia to respond to this opportunity?

B: Market, Product, etc. Specific Gaps

5. Are you aware of notable instances where accommodation supply is constraining industry growth? How do these manifest, for example, is this a factor for certain regions within NS,

an issue at certain times of year, an issue around certain events?

6. Discuss specific gaps and opportunities related to the following:
 - a. Are you familiar with the priority EQ segments of Cultural Explorers, Authentic Experiences and Free Spirits? (*If no explain*) Is the accommodations sector aligned with the expectations of these segments?
 - b. Priority geographic markets for Nova Scotia (e.g., China)?
 - c. Specific types of accommodation: Is there an under-supply of a specific type of accommodation? Over supply?
 - d. Specific communities (i.e. geographic)?
 - e. Meetings and convention: What impact will major events and the new convention centre have on accommodation supply/demand dynamics? Are meetings, conventions, etc. constrained by accommodation supply in smaller Nova Scotia communities?
 - f. Camping?
 - g. Niche products and experiences (e.g., golf and outdoor dining)?
 - h. Special Events?
 - i. Are there seasonal related issues regarding accommodation availability?
 - j. Are there 'day of week' issues related to accommodation supply?
 - k. Are there noteworthy examples of over or under supply of accommodations?

C: Sharing Economy

7. What is the best way to work within the sharing economy and with Nova Scotia property owners who may be interested in listing with services such as Airbnb, HomeAway, and others, to increase the number of available accommodations in the province, including high quality vacation rentals?

D: Levers to Encourage Supply Alignment

8. Are there funding and investment strategies that would encourage better matching of accommodation supply and demand where these are not well aligned?
9. Do you have other suggestions to support the accommodation sector? (For example, should properties increase engagement with TripAdvisor, etc. to drive consumer generated content? Closing later – opening earlier, changes to regulatory and licensing regimes, access to insurance and access to capital)?

D: Miscellaneous

10. Are you aware of any planned expansion, closures, new builds, or related initiatives that may change the accommodation supply dynamics?
11. Are you aware of any Canadian or international jurisdictions that have had notable success in their efforts (e.g., policy, investment and quality assurance) to maintain a vibrant and market-responsive accommodation sector?
12. In closing, if you had to choose one or two areas that you mentioned earlier to fast track as a priority focus over the next year, what would they be? What are the key initiatives that would make a difference? What are the accommodation related game changers to jump start the industry on path to \$4B?

APPENDIX C: LICENSED FIXED ROOF ACCOMMODATION SUPPLY – PROPERTIES AND UNITS - BY REGION AND TYPE (2011 AND 2016)

Tourist Region		Cape Breton			Eastern Shore			Fundy Shore & Annapolis Valley		
Property Type		2011	2016	Change	2011	2016	Change	2011	2016	Change
Hotel	Properties	7	9	29%	-	-	-	9	8	-11%
	Units	712	859	21%	-	-	-	626	698	12%
Motel	Properties	45	42	-7%	7	7	-	38	33	-13%
	Units	1,092	1,059	-3%	79	81	3%	889	769	-13%
Inns/B&B Inns	Properties	31	28	-10%	5	4	-20%	22	24	14%
	Units	411	357	-13%	46	35	-24%	212	231	9%
Bed & Breakfast	Properties	66	57	-14%	22	13	-41%	75	56	-25%
	Units	592	151	-13%	51	36	-29%	205	155	-24%
Cottages/Cabins/ Tourist Homes	Properties	103	96	-7%	11	10	-9%	57	51	-11%
	Units	592	567	-4%	42	41	-2%	295	27	1%
Resort	Properties	3	4	33%	2	1	-50%	2	1	-50%
	Units	387	428	11%	78	68	-13%	253	116	-54%
Universities & Hostels	Properties	3	3	-	1	-	-100%	5	4	-20%
	Units	93	110	18%	3	-	-100%	918	1,500	63%
Other	Properties	7	8	14%	2	1	-50%	5	5	-
	Units	49	53	8%	3	2	-33%	3	20	567%
Total Properties		265	247	-7%	50	36	-28%	213	183	-14%
Total Units		3,509	3,584	2%	302	263	-13%	3,401	3,786	11%
Average Size (excl. universities & hostels)		13	14		6	7		12	21	

Tourist Region		Halifax Metro			Northumberland Shore			South Shore		
Property Type		2011	2016	Change	2011	2016	Change	2011	2016	Change
Hotel	Properties	35	34	-3%	6	6	-	11	10	-9%
	Units	5,037	5,084	1%	429	428	-	411	387	-6%
Motel	Properties	11	8	-27%	16	13	-19%	13	12	-8%
	Units	411	336	-18%	406	373	-8%	206	151	-27%
Inns/B&B Inns	Properties	6	4	-33%	9	8	-11%	15	13	-13%
	Units	152	136	-11%	84	76	-10%	139	111	-20%
Bed & Breakfast	Properties	34	25	-26%	38	24	-37%	61	39	-36%
	Units	75	52	-31%	105	71	-32%	179	121	-32%
Cottages/Cabins/ Tourist Homes	Properties	4	2	-50%	35	27	-23%	94	72	-23%
	Units	31	11	-65%	157	128	-18%	317	317	-
Resort	Properties	-	-		1	2	100%	3	3	-
	Units	-	-		53	141	166%	270	263	-3%
Universities & Hostels	Properties	6	6	-	1	2	100%	3	2	-33%
	Units	2,081	2,059	-1%	702	1,205	72%	16	32	100%
Other	Properties	4	2	-50%	1	3	200%	12	8	-33%
	Units	65	29	-55%	25	38	52%	16	13	-19%
Total Properties		100	81	-19%	107	85	-21%	212	159	-25%
Total Units		7,852	7,707	-2%	1,961	2,460	25%	1,554	1,395	-10%
Average Size (excl. universities & hostels)		61			12	15		7	9	

Tourist Region		Yarmouth & Acadian Shores			Province Total		
Property Type		2011	2016	Change	2011	2016	Change
Hotel	Properties	2	1	-50%	70	68	-3%
	Units	203	132	-35%	7,418	7,588	2%
Motel	Properties	10	8	-20%	140	123	-12%
	Units	252	20	-13%	3,335	2,989	-10%
Inns/B&B Inns	Properties	5	5	-	93	87	-6%
	Units	53	53	-	1,097	999	-9%
Bed & Breakfast	Properties	10	10	-	306	224	-27%
	Units	30	28	-7%	818	614	-25%
Cottages/Cabins/ Tourist Homes	Properties	4	6	50%	308	264	-14%
	Units	13	12	-8%	1,447	1,373	-5%
Resort	Properties	-	-	-	11	11	-
	Units	-	-	-	1,041	1,061	-2%
Universities & Hostels	Properties	-	-	-	19	17	-11%
	Units	-	-	-	3,813	4,906	29%
Other	Properties	-	-	-	31	27	-13%
	Units	-	-	-	161	155	-4%
Total Properties		31	30	-3%	978	821	-16%
Total Units		551	445	-19%	19,130	19,640	3%
Average Size (excl. universities & hostels)		18	15		16	18	

