

Greater Victoria Hotel Development Prospectus



DESTINATION GREATER
VICTORIA

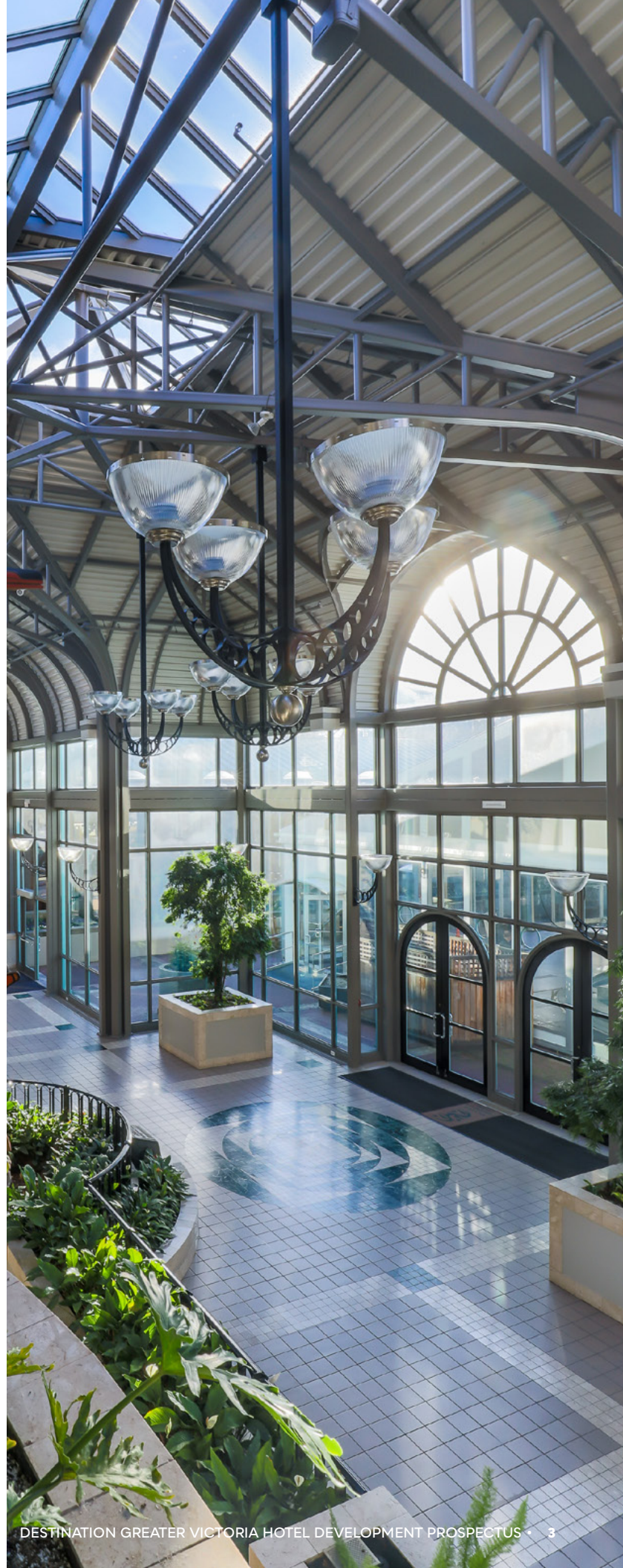
Territorial Acknowledgement

Destination Greater Victoria recognizes, with respect, that its office is located on the Territory of the Ləkʷəŋən peoples, now known as the Songhees Nation and Xwsepsum Nation. Destination Greater Victoria, as the official destination marketing organization for Greater Victoria, also respectfully recognizes that it operates on the Territory of the W̱SÁNEĆ Nations (W̱JOŁELP (Tsartlip), BOKÉĆEN (Pauquachin), S̱ÁUTW̱ (Tsawout) W̱SIKEM (Tseycum) and MÁLEXEŁ (Malahat)), and the Sc'ianew (Beecher Bay), T'Sou-ke, and Pacheedaht Nations.

Disclaimer

This prospectus was written by FLOOR13 for Destination Greater Victoria in the Fall of 2024.

Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative only and should be referred to as such. While FLOOR13 and Destination Greater Victoria have exercised reasonable care in preparing this document, it does not warrant or represent that it is accurate or complete.



Introduction

Greater Victoria is one of Canada's most iconic tourism destinations. Its core, including the Inner Harbour and downtown, is located on the traditional territory of the Lək̓ʷəŋən People, now known as the Songhees Nation and Xwsepsum Nation. The Greater Victoria area is comprised of 13 distinct municipalities, offering a vibrant mix of urban, rural, and coastal beauty.

In the last decade, Greater Victoria has experienced a rapid growth of its visitor economy. Celebrating its 50th year in 2024, Destination Greater Victoria has been instrumental in developing Greater Victoria into a globally recognized must-visit destination, earning sustained international attention.

- #1 Best Small City in the world by Condé Nast Traveler, 2023 & 2024
- #1 Ranked Most Sustainable Destination in North America by GDSM, 2024
- #1 Friendliest city in the world by Condé Nast Traveler, 2024
- #2 Favourite Cities in Canada by Travel & Leisure, 2024

With a world-class destination brand and the collaborative efforts of local governments and Destination Greater Victoria to support the development of new full-service hotels, the potential for success is clear. An inventory analysis confirms an immediate need for an additional 800 to 1,200 full-service hotel rooms, with a total of 2,000 new rooms required over the next decade. Considering the loss of inventory over time and the strength of the visitor economy, the market is understood to be underserved in several star categories.

This prospectus outlines the opportunity for major growth within Greater Victoria over the next decade and highlights the need for new hotel infrastructure and investment in the region.

Destination Greater Victoria's recently published Destination Master Plan (DMP) outlines a comprehensive plan that will guide the region's visitor economy for the next decade to even greater heights. The plan clearly outlines, as one of its priorities, the need for further expansion of its hotel inventory to meet the year-round growth and anticipated demand. The full plan can be found at <https://www.destinationgreatervictoria.com/destination-master-plan>



Greater Victoria's Visitor Economy at a Glance



4.9
million
visitors



\$1.9
billion in visitor
spend



89%
of spend by
overnight visitors



25,000
employed in
tourism



\$1.1
billion in
personal income
contributions



\$2
billion in
GDP
contribution



\$3.5
billion in
business sales
output



\$510
million in
taxes
contributions

Source: Destination Greater Victoria – Figures are annual, and the data referenced is from 2023

Situational Analysis

Destination Master Plan

Destination Greater Victoria (DGV) is the official destination organization responsible for overseeing the promotion and development of the region's visitor economy. DGV has developed integrated strategies over the last decade by which it has been able to increase the region's visitation in key segments such as leisure, travel trade, business events, and sports, and has played a leadership role in the development of major events. As visitor demand continues to grow, DGV and its industry and municipal partners must evolve continuously to maintain a high level of competitiveness in the marketplace.

DGV's recently released Destination Master Plan (DMP) takes a longer-term approach to planning the next decade's visitor economy evolution. The DMP has focused on five primary objectives that, in collaboration with partners, will ensure the continued sustainable growth of the sector through both an increase in visitation and tourism development. The five primary objectives of the plan include:

- Generate big ideas to improve the visitor experience, enrich current audiences, target new audiences, and set a course for sustainable, responsible growth,
- Address conference facility needs, hotel development, transportation links, harbourside activation, and other infrastructure opportunities,
- Ensure an inclusive process that engages current as well as new and non-traditional stakeholders,
- Develop an aligned road map that speaks to and will respond to the needs of residents, visitors, and stakeholders, and
- Undertake a detailed multi-modal transportation assessment.



Situational Analysis

Challenges and Opportunities

The recently completed Destination Master Plan process included an extensive and ongoing engagement process. This input resulted in a comprehensive environmental scan of Greater Victoria's challenges and opportunities for the foreseeable future.

Strengths and Opportunities

- The excellent national and international reputation
- A well recognized brand identity
- Proximity to short-haul national and US markets
- Luxury destination attracting higher yield visitors
- Strong interest from First Nations in authentic Indigenous Tourism development
- An urban vibe with a close connection to its rural region
- A concentrated and walkable city centre
- The Inner Harbour as both a tourism attraction and livable space
- A strong and aligned tourism industry
- Tourism being a top three economic industry driver
- The coastal beauty of the region
- A strong sales and marketing presence in key markets
- City approved major infrastructure projects to directly impact tourism in a positive way (airport, Inner Harbour, sports facilities)
- Provincial restrictions on short term accommodations
- Strong support for tourism from both the business community and the academic community
- Several well-established agritourism experiences
- Strong arts, culture and heritage scene
- Cruise port of call and disembarkation opportunities
- Year-round appeal and experiences, mild climate
- Airport expansion plan

Challenges

- Limited air access from US and international destinations
- Aging and smaller convention centre
- Lack of hotel rooms and diversity of product range (extended stay, family, mid scale)
- High cost of room rates year-round (not family-friendly)
- Peak season availability
- Sub-optimal regional transportation and mobility (LRT, airport shuttle, electric mobility)
- Lack of colourful nightlife and entertainment downtown
- The need for more downtown experiences (arts, nightlife, events, festivals, family fun)
- BC Ferries operating at near full capacity
- Increased competition from competitive destinations with new products and experiences
- Affordable housing for workforce
- New convention centre development in Canada (Calgary, Saskatoon, Kingston)

Situational Analysis

Tourism and Infrastructure Development

In addition to planned objectives and goals in the DMP, several major infrastructure initiatives have been announced and/or are in the evaluation and planning stages, all of which will have significant direct benefits to Victoria's visitor economy and point to strong prospects in terms of both destination brand and visitor experience.



The Rock Bay Industry, Arts & Innovation District will revitalize several blocks of underutilized space into a hub for small industry, arts, and innovation a short walk from the Inner Harbour. District. This area includes the 4.5-acre Matulia Lands, owned by Songhees Nation and Xwsepsum Nation.



The Belleville International Terminal scheduled for opening in 2028, will provide the city with a state-of-the-art international ferry gateway for passengers and goods from both the US and mainland BC.



Ship Point Master Plan planning is underway to rethink Victoria's iconic waterfront to incorporate green spaces, events, and performance infrastructure as well as culinary and retail options, making the area an iconic experience for both visitors and locals.



The Future of History project will transform the Steamship Terminal Building and adjacent water lot into a year-round cultural destination. The building will highlight recent maritime history, while a new floating structure will provide a space for the Lekwungen People to share their culture in the heart of their traditional territory.



Bayview Place Roundhouse project is meant to continue the expansion of residential and retail space and connect this historical area adjacent to the downtown to the greater Inner Harbour renewal. This will also contribute to adding a new visitor experience to the city.



The Royal BC Museum Victoria's most popular attraction has been slated for renewal. All parties remain optimistic that the new RBCM will continue to enhance downtown's tourism and cultural offer and could incorporate an eventual larger cultural and entertainment hub.

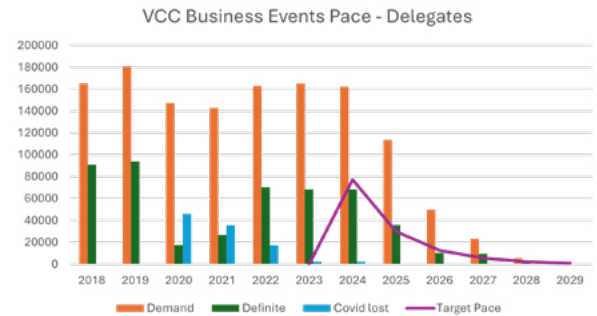
Situational Analysis

Market Conditions

Victoria's positive visitor economy outlook also extends to several key tourism partners who have all reported strong post pandemic performances and forecast continued growth for the near future. These partners work closely with DGV to ensure alignment and focus looking forward.

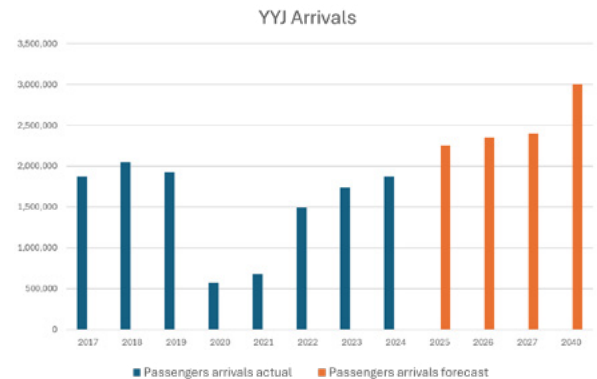
Business Events Pace

As one of Canada's most desired meeting destinations the Victoria Convention Centre (VCC) hosts business events throughout the year. Supported by the regions academic and business sectors, business events in Victoria are close to reaching their full potential, now only restricted by the size of the VCC's hosting capacity. Fortunately, renewal and redevelopment options for the VCC are currently being explored.



YYJ

The Victoria International Airport (YYJ) continues to perform as forecasted although US and international flights have not yet regained their full pre-pandemic levels. Domestic passenger traffic increases have performed above expectations. YYJ's Master Plan is also well underway and new expansion plans continue to evolve.



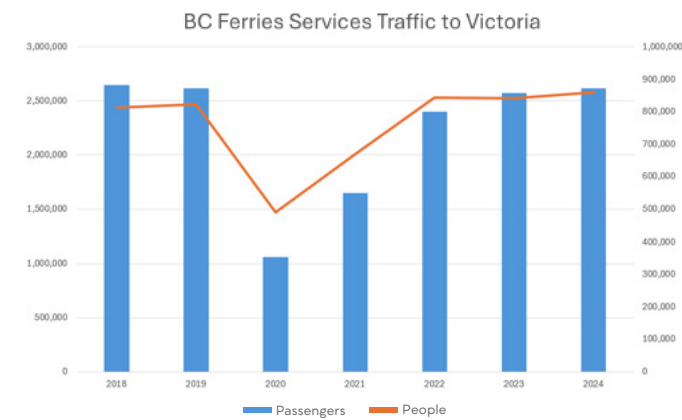
Ferry Services

Victoria boasts three ferry service access points, BC Ferries, FRS Clipper and MV Coho. All three companies have reported ongoing increases in post-pandemic traffic, and BC Ferries has reached maximum capacity issues during the high season. In relation to hotel supply, recent customer feedback states a need for more mid-priced accommodations options in the city. The growing demand for shoulder season has also increased the sales of those packages by 20 to 30% in the last two years.

Cruise

Cruises remain a key staple of the region's visitor economy and account for approximately \$90 million in direct visitor spend. With the renewal of the Belleville terminal in the coming years, Victoria will be in a strong position to pursue home porting opportunities, resulting in the need for overnight accommodations for embarking and disembarking passengers. As early as 2025, passenger disembarkation in Victoria will begin.

Sources: Destination Greater Victoria, Victoria Int'l Airport, BC Ferries, Victoria Port Authority

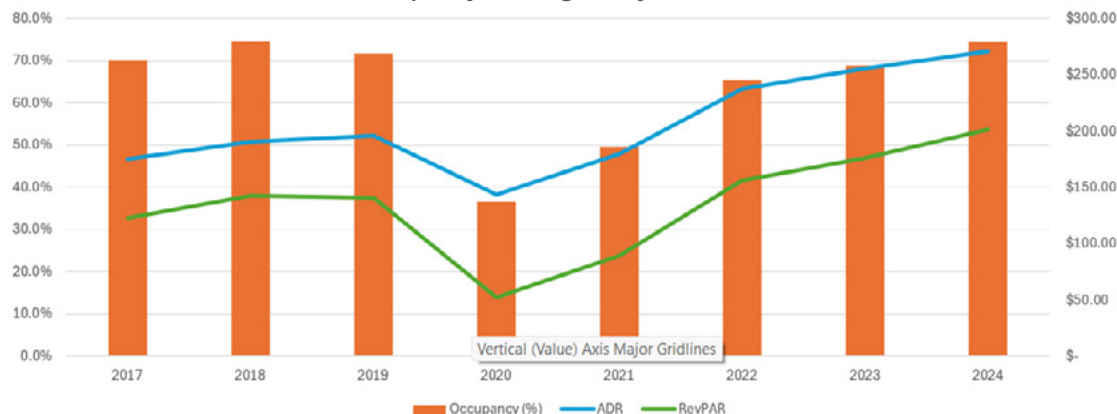


Situational Analysis

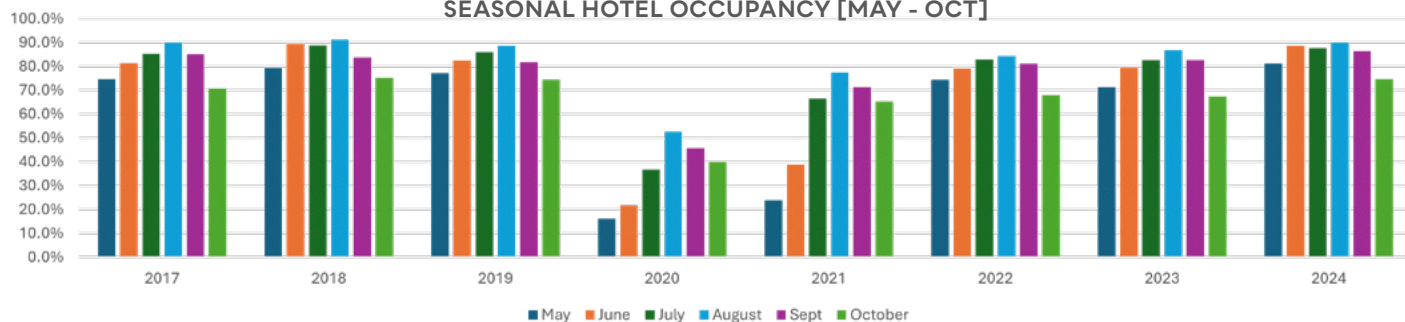
Hotel Performance

Victoria's hotel inventory has remained relatively stagnant over the last few years and, coupled with a continued increase in demand, has driven the city's hotel occupancy at or above the 70% per annum since 2016 (COVID exception) and increased the average daily rate to over \$270 and revpar above \$200. Occupancy during high season (May to September) remains the highest performing months and has on average, since 2017 (COVID exception), exceeded 83% as well as averaging a respectable 62% in the shoulder season (October to April).

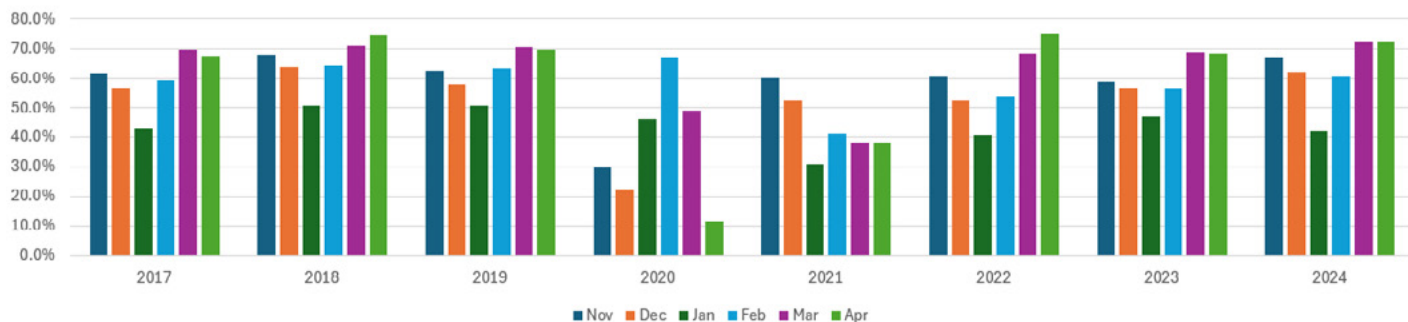
VICTORIA HOTEL INVENTORY
Occupancy, Average Daily Rate, RevPAR



SEASONAL HOTEL OCCUPANCY [MAY - OCT]



SEASONAL HOTEL OCCUPANCY [NOV - APR]

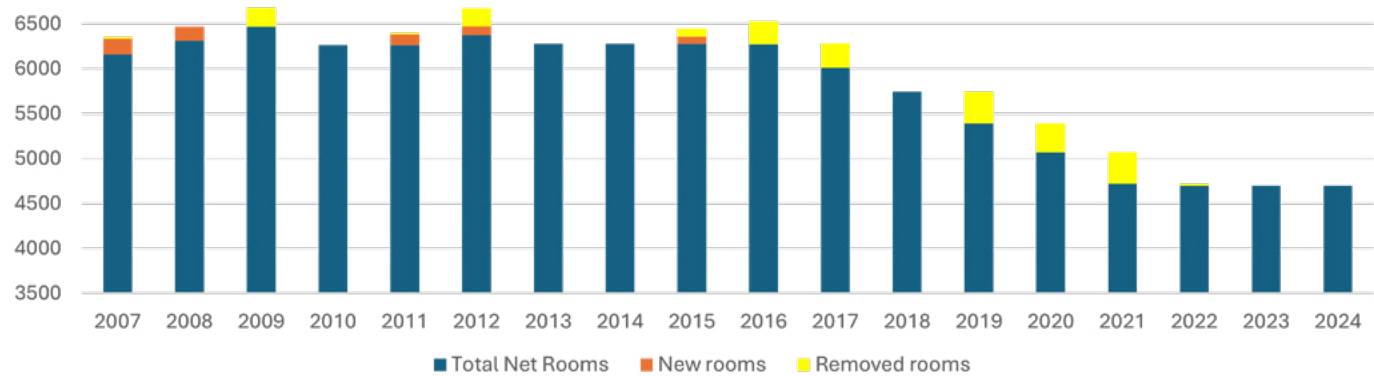


As demand continues to grow, Destination Greater Victoria and its partners, the City of Victoria and the Hotel Association of Greater Victoria have all agreed on the need to build more hotels within the city itself and throughout the region, to help meet the growing demand and offer a wider choice of accommodations and price points.

Hotel Performance

The hotel inventory in Greater Victoria has declined significantly in the last decade from a high of 6470 room available to a present day 4695 rooms available representing a 27% decrease in overall inventory.

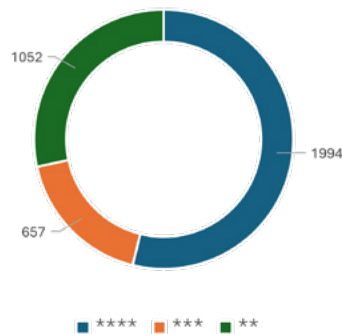
Greater Victoria Hotel Rooms Inventory Change



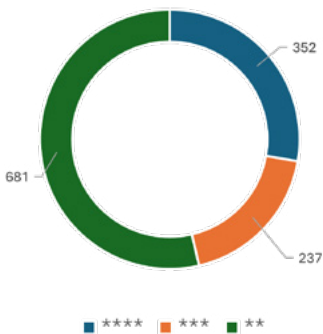
The following charts indicate the number of hotels per star category in both the downtown Inner Harbour district as well as those located in the Greater Victoria area. Of the total hotel inventory only 37% of hotels are branded, representing 49% of available rooms. 42% of branded hotels are in the economy (2-star) class. The present 4-star category of hotels represent the largest inventory of available rooms at 2346 and are predominantly located in the downtown district. The mid-tier 3-star category represents the lowest number of available rooms across the region at 894 with an average hotel size of 86 rooms. Bed and breakfast options are sprinkled throughout the region but do not a significant impact on the overall accommodations inventory.

In 2024, the Province of British Columbia enacted new legislation on short-term rental accommodations (e.g., Airbnb), significantly reducing their availability in Greater Victoria. By restricting short-term rentals to principal residences only, the legislation has reduced their impact on housing availability and has increased demand for hotel accommodations.

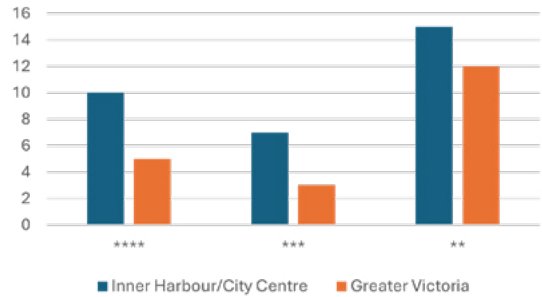
Inner Harbour/City Centre



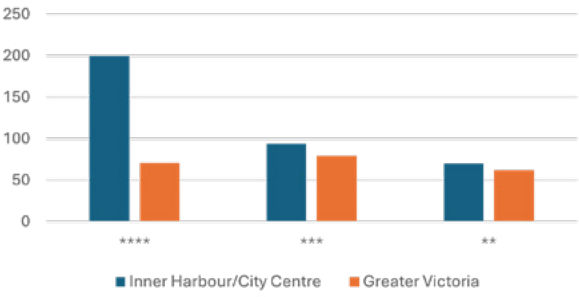
Greater Victoria



of hotels per star rating



Average available rooms per star rating



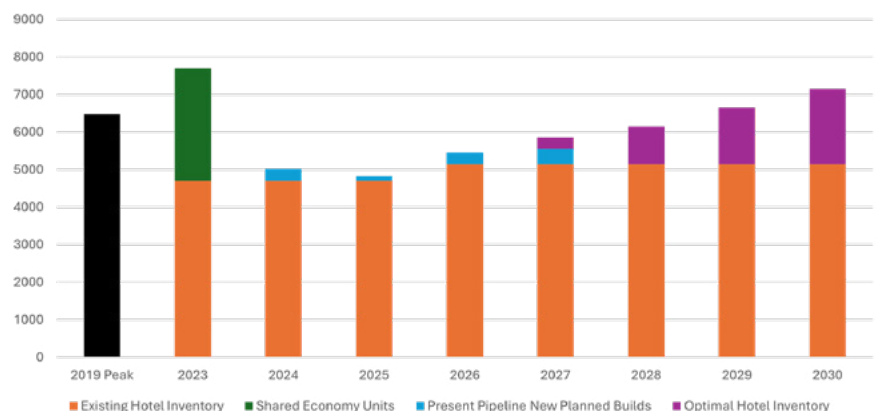


Potential Hotel Developments in Greater Victoria

In 2018, recognizing the decline in hotel inventory and with support from the City of Victoria, Destination Greater Victoria adopted a hotel attraction strategy to identify potential locations within the City where hotel development could be considered and encourage developers to initiate investments in the sector. Since then, and despite a complete pause due to the pandemic, several hotel projects have been put forward to the City for development which include:

- Broad Street (Duck Building) by Chard Development – 167 rooms (now under construction and recently approved for two additional floors from the city)
- Marriott Town Suites Victoria Airport – 129 rooms (now under construction)
- Blanshard Street (Wintergarden Hotel) by Merchant House Capital – 200 rooms (zoning approvals in place)
- Government Street Hampton Inn hotel by Ocean Gate Developments Inc – 198 rooms (under consideration for City submission)
- Blanshard Street (BC Power Commission) by Reliance – 77 rooms
- Sandman Signature Hotel – 179 rooms (now under review by the City)

Based on continued growth in demand and the currently limited hotel inventory, Greater Victoria could easily absorb an additional 1,200 to 2,000 hotel rooms over the next decade. To date several of these new hotel projects remain in the planning phase, pending municipal approvals, required zoning amendments and more favourable interest rates. The chart below illustrates the potential growth of Greater Victoria's hotel inventory based on potential projects, loss of short term rental accommodations, and regaining past inventory levels.



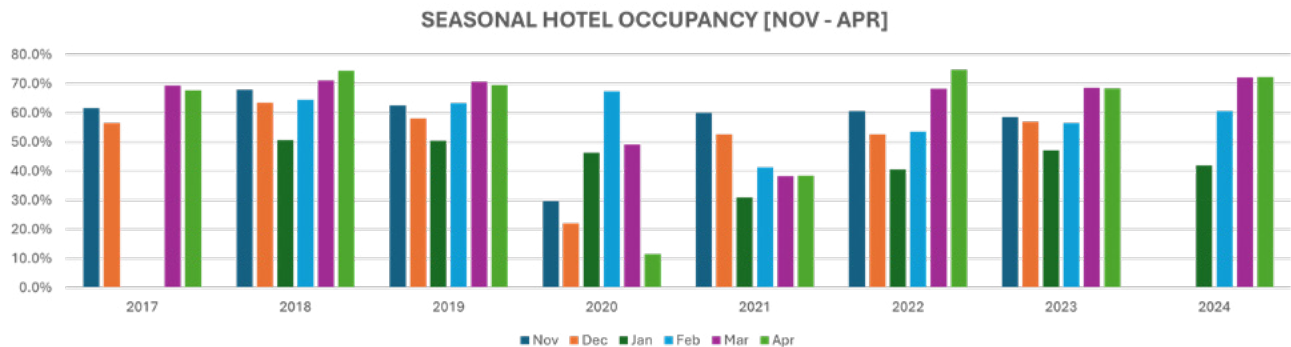
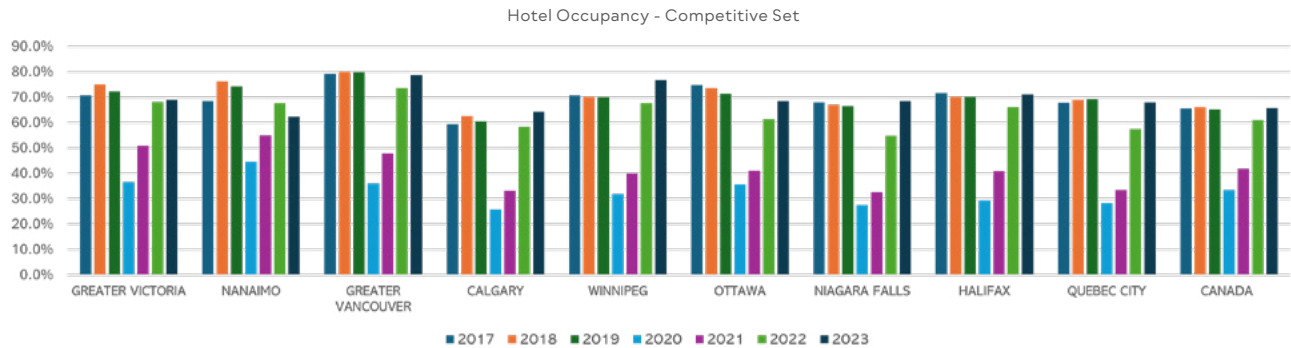
Situational Analysis

Victoria’s natural beauty and setting makes it one of Canada’s most iconic and desired tourism destinations. Nevertheless, the competitive landscape for visitors remains fierce and Victoria competes directly for both leisure and business travellers with other major destinations within the domestic and international markets. In partnership with Destination Canada, Victoria and most of its competitors have invested heavily in developing their marketing and sales presence in both the US and international feeder markets. This concerted effort has set Canada on a course to increase its global position in attracting more visitors. In parallel, these same destinations have also undertaken further investments in their own tourism infrastructures both from the public and private sectors to enhance their overall offerings. For example:

- The new BMO Centre at the Calgary Stampede is now the second-largest business events venue in Canada
- The conversion of office buildings into hotels in downtown Calgary, also being considered in other cities
- The new Ice District in downtown Edmonton
- The new Ring art installation in Montreal as well as two new hotel openings and two more under construction
- The new Royalmount shopping district in Montreal is now second biggest mall in Canada
- Four new hotels opening in Ottawa
- The Promenade Samuel de Champlain and Station de la Plage infinity pool in Quebec City
- Ongoing expansion of the Halifax waterfront (Muir hotel, art installations, stairs to the water installation, food and beverage, etc.)
- Soon to be announced conference centre in Moncton

These projects and many more as well as Canada’s reputation as a safe and friendly destination adds to the appeal for travellers from around the world to consider Canada for their holiday, or business event.

The charts below outline Victoria’s main competitors and their hotel performance in that last seven years. Victoria continues to hold its own in occupancy, despite its limited inventory, and outperforms all but Vancouver in ADR.



Potential Incremental Room Night Growth

The following estimated incremental room night growth is based on insights from partners and stakeholders as well as future public plans for Greater Victoria. These estimates are based on conservative assumptions, reflecting the expectation that the outlined plans and stakeholder forecasts will be achieved under stable economic conditions.

Growth Opportunity	Rationale	Potential yearly incremental room night growth
Increase in US and international business events	As business event bookings have begun reaching their annual limits, DGV aims to adjust the mix of business by focusing on attracting more US and international events, which typically require longer stays than domestic events. On average, DGV would need to convert 2,500 delegates to stay two extra nights. This goal equates to booking four non-domestic conventions.	5,000
Short-term rentals (Airbnb)	Recent provincial legislation on short-term rentals (STRs) now mandates that these rentals be part of the owner's principal residence, thereby restricting purpose-built or speculative vacation rentals. The most recent estimate indicates there were 3,000 vacation rentals in Victoria. Potentially, 75% of these vacation rentals may no longer be available as of 2025, shifting the demand for accommodations to traditional hotels. Airbtics has reported annual occupancy rates of 76% for this segment of accommodations in Greater Victoria. As a result, approximately 2,250 vacation rental units could be removed from the market, which, at a 76% occupancy rate, would equate to 624,150 room nights per year.	5,000
YYJ passenger increase	Based on the 2025 estimate of 2,220,000 total passengers, with 400,000 anticipated to be non-residents, capturing an additional 15% of those non-residents to stay one extra night could provide a significant boost to the local economy.	60,000
Home porting for cruise ships - embarkation and disembarkation	The Greater Victoria Harbour Authority estimates it will be in an excellent position to transition into offering home port status. This would allow ships to start and finish in Victoria thereby increasing demand for pre and post-accommodation needs. One ship weekly could home port during the season. This would translate into an average of 1200 passengers twice weekly arriving and departing. 2400 passengers per week with a capture rate of 50%, double occupancy for pre and post-accommodation needs, equaling 600 room nights per week. This, scaled over an 18-week schedule, the potential increase for incremental rooms would equal 10,800 room nights.	10,800
Increase in ferry traffic	Presently reporting 314,500 passengers per year and adding a potential 3% average increase in year-round overnight packages per annum sold by all three ferry companies. Capturing an incremental 3% of passengers with overnight packages would equate to.	9,435
Total potential incremental room night production increase over the next half decade	This would equal to an incremental 41% occupancy increase based on 2024's available room inventory.	709,385

Conclusion

Destination Greater Victoria, along with its partners, strongly believes that the region is on an upward trajectory and that its visitor economy is well positioned for steady growth over the next decade. Billions of dollars will be invested in infrastructure and urban renewal in the coming years, all of which have tremendous potential to improve the region's access and support year-round tourism demand.

Destination Greater Victoria has developed a comprehensive Destination Master Plan to guide the industry through the next decade of growth and ensure that tourism remains a central strategy for the region's economic prosperity.

As tourism and economic development initiatives continue to promote Victoria as an international destination, the city's limited lodging options may struggle to meet rising demand. Expanding hotel infrastructure will be essential not only to support expected visitor growth, but also to maximize economic benefits, create local jobs, and enhance the overall guest experience. By building more hotels, the city can ensure it remains competitive and fully capitalizes on its appeal as a world-class destination.

Local governments across Greater Victoria—including the City of Victoria, the District of Saanich, Town of View Royal, and the Township of Esquimalt—have expressed interest in new hotel developments.

Key local government contacts:

- City of Victoria: Stef Cara, Business Ambassador
T: 250-361-0370 | E: scara@victoria.ca
- District of Saanich: Mitchell Edgar, Manager of Economic Development
T: 250-475-5437 | E: mitchell.edgar@saanich.ca
- Township of Esquimalt: Terése Finegan, Manager of Economic Development
T: 1-250-414-7164 | E: terese.finegan@esquimalt.ca

For other municipalities across the region, Destination Greater Victoria can facilitate introductions to local government contacts and provide community profiles upon request.

For more information on Greater Victoria's visitor economy, or to discuss potential hotel development opportunities, please contact us at Destination Greater Victoria:

Jeremy Loveday, Executive Director, Public Affairs, Destination Stewardship and Sustainability
T: 250-634-2326 | E: jeremy.loveday@tourismvictoria.com

Paul Nursey, President, CEO
T: 250-812-7458 | E: paul.nursey@tourismvictoria.com

Annex A – Greater Victoria Hotel Inventory

Hotels within the Inner Harbour/Downtown

of Rooms

4 Star Rating

Fairmont Empress	431
Hotel Grand Pacific	304
Delta Hotels by Marriott Victoria Ocean Pointe Resort	240
Victoria Marriott Inner Harbour	236
Inn at Laurel Point	196
DoubleTree by Hilton Hotel & Suites Victoria	181
Chateau Victoria Hotel & Suites	176
The Parkside Hotel & Spa	126
Magnolia Hotel & Spa	64
Victoria Regent Waterfront Hotel & Suites	40

3 Star Rating

Coast Victoria Hotel & Marina by APA	132
Huntingdon Hotel and Suites	121
Best Western Plus Carlton Plaza Hotel	105
Sandman Hotel Victoria	100
The Oswego Hotel	80
Strathcona Hotel	67
Hotel Rialto	52

2 Star Rating

Royal Scot Hotel & Suites	177
Accent Inns Victoria	114
Best Western Plus Inner Harbour	108
Red Lion Inn	97
Days Inn by Wyndham Victoria Uptown	73
The Burrard	72
Days Inn by Wyndham Victoria On The Harbour	71
Embassy Inn	70
Quality Inn	63
Helm's Inn	49
James Bay Inn	45
Bedford Regency Hotel	43
Abigail's Hotel	30
Swans Hotel & Brewpub	30
Spinnakers Guest House	10

Hotels in Greater Victoria

of Rooms

4 Star Rating

Oak Bay Beach Hotel	100
The Westin Bear Mountain Golf Resort & Spa	91
Holiday Inn Victoria - Elk Lake	88
Solo Suites	40
Brentwood Bay Resort & Spa	33

3 Star Rating

Four Points by Sheraton	117
Fairways Hotels on the Mountain	65
The Sidney Pier Hotel & Spa	55

2 Star Rating

Best Western Premier Prestige Oceanfront Resort Sooke	122
The Vic Ascend Hotel	92
Victoria Airport Days Inn	83
Howard Johnson Hotel and Suites	80
Best Western Plus Emerald Isle	65
Hotel Zed	62
Robinhood Inn	55
Arbutus Inn	52
Quality Inn Waddling Dog	30
Sooke Harbour House, Wildly West Coast	28
Beacon Inn at Sidney	7
Abbeymoore Manor	5



For more information contact

DESTINATION GREATER VICTORIA

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