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OVERVIEW OF 2004 TOURISM ECONOMIC RESEARCH

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report, March 6, 2006, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council with highlights of the travel analysis and statistical research data that demonstrates the economic impact of tourism in York Region during 2004.

3. BACKGROUND

This research provides the York Region perspective of the current markets, economic impact and characteristics of tourism visits. It is based on the most recent information (2004 data) provided by the Statistics Canada's Canadian Travel Survey and the International Travel Survey made available by the Ontario Ministry of Tourism and Recreation.

The Canadian Travel Survey is a monthly telephone survey that captures the previous month travel for all overnight trips, same-day, one way trips of 40km or more among Ontario residents (other than for work purposes), and 80km trips for all other Canadian travellers.

The International Travel Survey is a self-completion survey distributed at ports of entry for completion by U.S.A. and Overseas visitors at the end of their trip. The survey is supplemented by exit surveys administered by interviewers in airport exit lounges.

The research project "An Overview of Tourism in York Region" for 2004 prepared by Research Resolutions & Consulting Ltd. is included as *Attachment 1*. The report will be available on the tourism web site (www.yorktourism.com) and hard copies will be available through the tourism office.

4. ANALYSIS AND OPTIONS

4.1 Research Findings

In 2004, there were 3.0 million visitors to York Region spending \$209.3 million dollars on tourism activities. This represents a year of recovery and growth for tourism in York Region from the 2003 SARS year and the 2004 levels far exceed those achieved in a banner 2002.

Ontarians and other Canadians account for 2.8 million visits representing \$122.1 million in spending. The United States accounts for 153,000 visits spending \$48.0 million and Overseas account for 59,000 visits spending \$39.1 million.

These visitor trips were made for a wide variety of purposes, including visiting friends and relatives, business or pleasure, and involve same-day and overnight stays in the region. The region attracts significant tourism associated with visiting friends and family, therefore, there is little disparity between the peak travel quarter of Summer (July through September) and the winter and shoulder travel seasons thus allowing the region to reap year-round tourism benefits.

Same-day traffic represents approximately 2.2 million of the total visits (a 16% increase over the 1.9 million in 2003.) Overnight traffic represents 798,000 visits in 2004 (a 21% increase from 661,000 in 2003).

4.1.1 Visitation and Revenue Overview

Consistent with other counties in Ontario, the domestic market is York Region's main source of tourism volume and revenues. York continues to attract a high proportion of same-day traffic, 2.2 million visitors in 2004. The reason for this could be because of the short distance minimum used by the province to define same-day trips (40km one-way-excluding work purposes) and the Region's proximity to the GTA. But the value of these visitors cannot be underestimated. Same-day visitors contributed more than one-third of all tourism spending in the Region (\$63 million).

The balance of the \$209.3 million spent on tourism in York Region, or \$146.2 million was spent by overnight visitors. This is an increase from 2003, where same-day visitors spent \$53.1 million and \$131.0 million from overnight visitors. (Table 1)

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Total overnight traffic represents 798,000 visits, spending \$146.2 million. Canadian residents are the primary source (613,000 overnight visits generating \$60.4 million in spending), Americans (133,000 overnight visits generating \$47.1 million in spending) and Overseas (52,000 overnight visits, generating \$38.8 million in spending). The purpose for overnight stays included 58,000 were for business travel, 130,000 for

overnight pleasure trips and 94,000 other purposes while 516,000 trips were for the purpose of visiting friends and relatives.

The increase in overnight tourism between 2003 and 2004 seems to have been driven by a renewed confidence among travellers to visit friends and relatives (VFR). In 2004 the VFR market represented 516,000 of the 798,000 overnight visits (an increase of 49% over the 347,000 VFR visits in 2003.) In 2004, the VFR market generated \$70 million, almost half of all overnight spending in the region (an increase of +57% from the \$44.7 million spent by the VFR market in 2003.)

The following matrix highlights comparative patterns of tourism activity in York Region for the past four years.

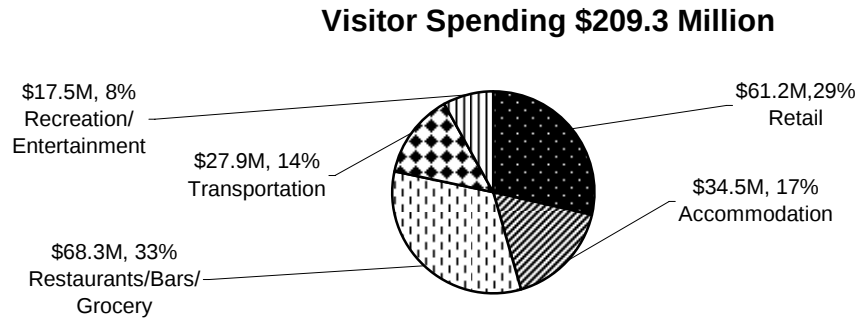
TABLE 1

TOURISM IN YORK REGION	2001	2002	2003	2004
Total Visitation	2.1M	2.8M	2.5M	3.0M (2.976M)
Same-day Visits	1.6M	2.0M	1.9M	2.2M
Overnight Visits	565,000	714,000	661,000	798,000
Total Spending	\$152M	\$172M	\$184M	\$209.3M

Source: 2001, 2002, 2003, 2004 Statistics Canada Data – Canadian Travel and International Travel Survey

4.1.2 Economic Impact and Job Creation

Visitors to York Region spent approximately \$209.3 million on tourism activities and services benefiting many sectors of the local economy. The spending contributes to the accommodation sector (\$34.5 million or 17%); restaurants, bars and grocery stores (\$68.3 million or 33%); public and private transportation expenses (\$27.9 million or 14%), recreation/entertainment (\$17.5 million or 8%) and the retail sector (\$61.2 million or 29%).



In 2004, the same-day visitor market segment continues to represent a substantive contribution to the financial health of businesses in York Region, representing about \$63.0 million, almost one-third of all tourism spending.

Tourism spending generated 2,646 jobs in York Region and a further 538 that benefited other parts of Ontario, totalling 3,184 jobs. These jobs generated \$100.2 million in wages and salaries province wide with over three-quarters of this amount or \$76.5 million being retained in York Region.

Tourism spending in York Region generated \$88.6 million in taxes for all levels of government. These taxes included \$6.4 million at the municipal level of which \$4.9 million were retained by the region.

4.1.3 Shift in Trends

A considerably higher proportion of total spending in York Region was attributable to shopping than was the case historically and there has been a decrease in recreation and entertainment spending. Shopping was claimed to be an activity by one-third of all visitors to York Region. In 2003, retail spending represented \$48.1 million or 26% of spending and recreation/entertainment was \$24.9 million or 14% of spending. In 2004, retail represented \$61.2 million or 29% of spending and recreation/entertainment represented \$17.5 million or 8%. This shift from entertainment to retail spending may possibly be associated with new box store facilities near the 407 and 400 highways plus Vaughan Mills that opened in November 2004. The importance of family visits provides an opportunity to market to York Region hosts encouraging them to take their guest to visit and spend in other business sectors including festivals, events, attractions, recreation and cultural activities.

Travel Survey of Residents of Canada (TSRC)

In order to provide even better estimates of domestic tourism than have been available in the past, tourism research partners from all national, provincial and territorial jurisdictions supported the development and launch in 2005 of the Travel Survey of Residents of Canada (TSRC). Conducted by Statistics Canada, the TSRC offers some

significant benefits over its predecessor – the Canadian Travel Survey (CTS) that is currently being used to compile the research received today.

The new study is conducted by telephone with approximately 14,000 randomly selected household members each month. Respondents are drawn from Statistics Canada's Labour Force Survey's household sampling frame. Selected adults (18+ years) are asked to report on any out-of-town trips they took in the month immediately preceding the interview period. Details are then obtained about each trip that qualifies as a tourism trip.

The TSRC relies on a different approach to defining domestic tourism and collects information from a different portion of the Canadian population than did the CTS therefore statistics gathered for 2005 for York Region will not be directly comparable to the research received today. The 2005 analysis for the region should be available mid year 2006.

4.1.4 Ontario and Toronto Visitation Comparisons to York Region

Ontario Overview

York Region was more successful than was Ontario as a whole, in recovering tourism visitation and spending after the challenges of 2003. In 2004, Ontario welcomed 118.3 million visitors (a 3% increase over 2003) generating \$17.1 billion in spending. The Province attracted no more same-day visitors in 2004 than it did in 2003, compared to the 16% increase for York Region. Similarly, York Region was much more successful in attracting overnight visitors in 2004, up from 21% over 2003. The Province experienced only an 8% increase in overnight visitation between 2003 and 2004.

Similar to the region's findings, the top leisure activities for Ontario's domestic visitors were visiting friends and relatives, shopping, participating in sports/outdoor activities and sightseeing. For the first time since 1998, travel to/in Ontario to visit friends and relatives (VFR) exceeded in 2004 the number of visitors whose main purpose to travel was for pleasure reasons and VFR was the top reason for Canadians travelling to/in Ontario.

The top activities for American visitors were shopping, sightseeing, visiting friends and relatives and sports/outdoor activities and about one third of the U.S. overnight visitors travelled to Toronto.

The complete report of provincial tourism statistics and other research documents are available on the Ministry of Tourism and Recreation website www.tourism.gov.on.ca.

Toronto Overview

In 2004 Toronto received 18.5 million visitors (an increase of 9.4% over the 17 million visitors in 2003) generating almost \$4 billion in visitor spending (an increase of 10% over the \$3.7 billion spending in 2003). In 2004, Toronto received 9.8 million overnight visitors (an increase of 9% over the 9 million visitors in 2003) generating \$3.5 billion in spending (an increase of 9% over the \$3.2 billion in spending in 2003). In 2004, the purpose for overnight stays were 36.9% visiting friends and relatives, 32.5% were for pleasure and 21.8% for business travel.

Canadians represent the majority of visitors (77%), 16% were U.S. residents and the rest came from Overseas. The Overseas market grew by an outstanding 38% in 2004 when compared to 2003. The recovery of the U.S. market has been slower than expected for a variety of reasons including, an election year in the U.S., pent –up demand for travel overseas, destination competition, consumer perception of nothing new to see for Ontario and Toronto’s tourism product, the depreciation of the American and strength of the Canadian dollars and the border crossing issues.

The Toronto research noted above is from the report, Tourism Key Facts, 2004 In Review, is based on economic impact estimates published by the Toronto Convention and Visitors Association (Tourism Toronto) and is available online at www.torontotourism.com.

4.2 Relationship to Vision 2026

The economic impact from the tourism sector supports the “Vibrant Economy” section and the “Enhanced Environment Heritage and Culture” section of Vision 2026.

5. FINANCIAL IMPLICATIONS

The cost for Research Resolutions & Consulting Ltd., to produce the 2004 tabulations and prepare the report is included in the 2006 Economic Development Operating Budget.

6. LOCAL MUNICIPAL IMPACT

By attracting visitors to the region, area municipalities obtain revenues across a variety of economic sectors including accommodation, restaurants, grocery stores, transportation services, attractions, events and retail. Visitors to York Region spent \$209.3 million on tourism activities and services in area municipalities generating about \$148.6 million in economic activity (GDP) retained in York Region with an additional \$39.1 million that benefited economies in other parts of the province. Tourism spending produced about 2,446 regional jobs. These jobs generated \$76.5 million in wages and salaries, and \$6.4 million in municipal taxes.

Tourism serves as a catalyst for developing and promoting the history, culture, nature and recreational experiences that sustains and grows municipal businesses within tourism and other related industry sectors. Increasing awareness of the quality of life and the visitation appeal through tourism attributes contributes to generating revenues and stimulating interest among potential employees and investors for area municipalities.

7. CONCLUSION

York Region experienced a growth year in 2004, with an increase in visitor spending and tourism visits from previous years. The relatively better performance of York Region's tourism industry in 2003 and again in 2004 compared to the Provincial and Toronto data, tends to indicate that despite global competitiveness and soft market conditions, the region's tourism marketing efforts have been effective in increasing tourism visitation and revenues and supports sustainable economic growth.

Staff will continue to work with tourism stakeholders to develop programs, partnerships and packages that augment stakeholder and area municipal efforts to increase revenues and build market share. The challenge will be to avoid a fragmented marketing approach by working in partnership to strengthen the industry sector and raise overall awareness of York Region as a viable four season tourism destination.

Staff recommends that this report and the attachment be received for information.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the Agenda for the April 5, 2006 Committee meeting.)