



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 3
Community Planning and Economic
Development Standing Committee
March 26, 2018

TO: Chair and Members of Community Planning and Economic Development
Standing Committee

Original Signed

SUBMITTED BY:

Brad Anguish, Director, Parks & Recreation

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: March 5, 2018

SUBJECT: Discover Halifax Annual Report

INFORMATION REPORT

ORIGIN

Discover Halifax's regular update report to the Standing Committee of Council as per Section 3.05 of the current service agreement.

LEGISLATIVE AUTHORITY

Community Planning & Economic Development Standing Committee Terms of Reference section 6 (b) which states: "The Community Planning and Economic Development Standing Committee shall have an active interest in the Agencies and Initiatives that support Community and Economic development throughout the municipality by engaging, at a governance level, the agencies, boards and committees funded by the Municipality and under the mandate of the Standing Committee to ensure they meet community needs and expectations including:

- i. the Greater Halifax Partnership,
- ii. Destination Halifax,
- iii. Trade Centre Limited,
- iv. Community Boards and Arts Boards and the broader Arts Community,
- v. HRM Business Districts and organizations, and
- vi. others as identified by the Committee and approved by the Council or vii. others as identified by the Council".

BACKGROUND

Tourism in Halifax can be defined as the activities of people traveling to and staying in places outside their usual environment for leisure, business or other purposes for not more than one consecutive year. From a policy perspective, tourism development entails governments', communities' and the private sector's efforts to increase tourist visitation and spending, thereby growing jobs, increasing wages and realizing other community benefits. Conventions, festivals, sporting events, cruise ships, air travel, out-of-province marketing, local tours and other assets and efforts play a role in attracting tourists to Halifax.

The Halifax Regional Municipality (HRM) is a significant tourism stakeholder in Halifax. It owns the Scotiabank Centre, a concerts, sports, and special events' venue in downtown Halifax with a 10,000+ seating capacity. HRM also has a one-third stake in the construction of the recently opened Halifax Convention Centre, and a 50% interest in the crown corporation tasked with operating it. Furthermore, HRM provides approximately \$2.9 million in annual tax relief to the Halifax International Airport Authority which operates the Halifax Stanfield International Airport; and, through Parks and Recreation, HRM provides funding to attract and host exceptional large-scale sporting and tourism events that create significant economic impacts, promote Halifax as a diverse event destination, and attract tourists to HRM for multi-day visits. Finally, HRM provides operational support to Discover Halifax to promote the municipality as a year-round destination of choice for business and leisure travelers.

The Role of Discover Halifax

The primary purpose of any Destination Marketing Organization (DMO) is to attract visitors to its locale to enhance the local economy through the purchase of room nights, food and beverage, retail items, transportation and other goods and services. Halifax's DMO, Discover Halifax (previously Destination Halifax), was created in April 2002 as a partnership between the Province of Nova Scotia, HRM, the Hotel Association of Nova Scotia (HANS) and participating industry members. Its Board of Directors includes a staff representative of HRM's Chief Administrative Officer, an elected representative of Council and the Mayor or designate, all of whom are voting members. The organization receives much of its funding from the municipality, which is provided through an annual operating grant and a 60% portion of the Marketing Levy, a percentage assessment levied on the rental of certain hotel rooms in HRM. The operational grant has remained at \$386,600+HST per year since 2013-14. The levy disbursement to Discover Halifax in 2017 was approximately \$2.1 million. HRM's levy disbursement and operational grant to Discover Halifax accounts for approximately 88% of Discover Halifax's budget.

Discover Halifax 2017 Revenue ¹

Proportional Share of the Marketing Levy	\$2,308,277.01
HRM Supplementary Funding	\$386,600.00
Other Revenue	\$339,725.00
	\$3,034,602.01

On March 4, 2014, Halifax Regional Council endorsed a Service Agreement with Discover Halifax which became effective on March 21, 2014. An amended Schedule A was approved at Regional Council's September 20, 2016 meeting. The Service Agreement outlines the HRM-Discover Halifax relationship including: general services to be provided; audit and record keeping obligations; the disbursement of the Supplementary Grant and proportional share of the hotel levy; membership; and terms of the agreement.

The amended 2016 Schedule A outlines the expected actions of Discover Halifax to compliment the overall objectives of the service agreement and support HRM's economic strategy, *the Halifax Economic Growth Plan 2016-2021* (Economic Growth Plan).

¹ 2017 Calendar Year

DISCUSSION

The “*Service Agreement Deliverables*” as approved by Regional Council in September 2016 outline the actions expected of Discover Halifax to support objectives within the Services Agreement. Periodic status reports are required to be delivered to the municipality that outline Discover Halifax’s achievements. Attachment 1 provides the status of all 60 action items which have been reviewed by staff and no concerns have been identified.

To provide additional information on the 2017 tourism year within the municipality the following documents have been provided by Discover Halifax:

- Attachment 2: 2017 Review of Tourism Demand for Halifax providing additional detail regarding the 2017 Tourism Demand in the municipality; and
- Attachment 3: 2017 Year End Review Balanced Scorecard containing detail on all projects and programs undertaken by Discover Halifax in the past year.

Some highlights from these reports follow:

Tourism Sector Performance

Tourism in the municipality experienced an upswing in 2017 in many sectors with overnight room bookings, cruise visitations, air passenger traffic and rooms for meetings and conventions seeing boosts last year. Specifically, (over 2016 results):

- 5.84% increase in room nights sold;
- 27% increase in cruise ship visits;
- 4.5% increase in airline passengers; and
- 37% increase in contracted rooms for meetings and conventions.

Forecasted Nova Scotia total tourism revenues for year-to-date to November 2017 was \$2.6 billion², compared to 2016 at \$2.4 billion.

A synopsis of the Halifax 2017 tourism demand can be found in Attachment 2 of this report.

Festivals, events and activities play a large role in overall visitation and room night stays, particularly visitors from near markets. Major events hosted in the municipality which contributed to the increase in room night stays included 2017 Rendezvous Tall Ships, Halifax Jazz Festival, Halifax Comedy Fest, Halifax Explosion 100th anniversary commemoration events and Canada Day 150 Celebrations.

Halifax continues to benefit from media exposure. Articles showcasing Halifax which had substantial circulation and advertisement impacts include:

- Trip Advisor, [2018 Travelers’ Choice® award for Destinations on the Rise](#)
- Toronto Star, [How to spend a long weekend in Halifax](#)
- Travelling Foodie, [10 Things To Do in Halifax, Nova Scotia](#)
- Toronto Sun, [Experiencing Halifax like a local](#)
- Flare, [The Best Places To Go Ice Skating Across Canada](#)
- Washington Post, [Nova Scotia commemorates Halifax Explosion 100 years ago](#)
- The New York Times, [Century After Halifax’s Great Explosion, City Marks Anniversary](#)
- Chatelaine, [11 Of The Most Breathtaking Outdoor Skating Rinks In Canada](#)
- Conde Nast Traveler, [The 2017 Friendliest Cities in the World](#)
- Travel + Leisure, [The Top Cities in Canada](#)
- The Guardian, [Discover Nova Scotia’s Halifax and Peggy’s Cove – in pictures](#)
- Huffington Post, [15 Restaurants In Halifax You Have To Try](#)
- Yahoo, [15 of the Most Beautiful Places in Canada](#)
- Readers Digest, [6 Underrated Canadian Cities You Need to Visit](#)

² November 2017 Visitation Statistics - Tourism Nova Scotia Performance webpage

Discover Halifax Activities

Since the February 23, 2017 update to Community Planning and Economic Development Standing Committee, Discover Halifax has been focusing on the many objectives including:

- Growing leisure market; group visitation and membership
- Investing in productivity tools
- Aligning strategy and service delivery with partners
- Improving Internal Processes

Additional detail can be found in Attachment 3 of this report.

FINANCIAL IMPLICATIONS

This report has no financial implications.

COMMUNITY ENGAGEMENT

There was no community engagement in the preparation of this report.

ATTACHMENTS

Attachment 1: Schedule A – Service Agreement Deliverables (Discover Halifax)

Attachment 2: 2017 Review of Tourism Demand for Halifax

Attachment 3: 2017 Year End Review Balanced Scorecard

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Lori McKinnon, Coordinator - Director's Office, Parks & Recreation, 902.490.6987

Schedule A - Service Agreement Deliverables (Discover Halifax)

Service Level Agreement Area	Objective(s)	Actions	Status
3.02 (a) Advice & (b) Strategy	<p><i>Advise HRM on tourism and destination marketing matters.</i></p> <p><i>To drive alignment in strategy with other tourism and economic development partners with respect to tourism development.</i></p>	<ol style="list-style-type: none"> 1. Attend meetings and provide reports to Council, Standing Committees and HRM's Senior Management Team as requested. 2. Produce by fiscal year-end of each year, a report outlining the state of the municipality's tourism industry . 3. Develop an annual business plan. 4. Implement a comprehensive five-year marketing strategy for the leisure market. 5. Implement a comprehensive five-year strategy for the group market. 6. Align performance management to strategies and desired outcomes. 7. Align strategy and service delivery with partners, including TNS, HCCC, HRM Civic Events, Waterfront Development Corp, and the Halifax Partnership. 8. With HRM, articulate the Municipality's role and approach to tourism, festivals and special events (in alignment with the <i>Halifax Economic Growth Plan 2016-21</i> Year 1-2 Action -- "71. Articulate HRM's role and approach to tourism, festivals and special events.") 	<p>Periodic meetings with Senior Management Team conducted throughout the year with Standing Committee meeting planned for January 2018. Schedule Developed for 2018.</p> <p>Enclosed</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Implemented Q3 2017</p> <p>Periodic meetings undertaken with partner agencies on a frequent basis. This activity constitutes an ongoing effort.</p> <p>HRM Staff report submitted in 2017</p>
3.02 (c) Benchmarking	<p><i>To benchmark against leading DMOs at a minimum bi-annually.</i></p>	<ol style="list-style-type: none"> 9. Improve a program-wide Return on Investment in Group Sales. 10. Maximize advertising investments. 11. Undertake a process review for major processes. 12. Participate in leading DMO benchmarking programs. 13. Acquire daily and monthly tourism data to inform decision-making. 14. Complete Destination Marketing Association of Canada's annual benchmarking exercise. 15. Host familiarization tours and site inspections for meetings and conventions. 	<p>Several cost reduction strategies combined with process improvements to sales have resulted in an expanded sales effort. Room nights contracted in 2017 were up 66% from 2016 and estimated ROI up from 15:1 in 2016 to 26:1 in 2017.</p> <p>Several continuous improvement initiatives have been implemented along with new partnership launched resulting in a significant increase in reach of campaigns. (Reach up 8% from 2017 and 336% since 2015)</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>36 site inspections</p>

Service Level Agreement Area	Objective(s)	Actions	Status
3.03 (a) Marketing	<p><i>To market the Municipality as a world class-community in which to visit, live, work and conduct business.</i></p> <p><i>To market the Municipality as Atlantic Canada's: preeminent location for meetings, conventions and major events; marquee port of call; hub for year-round individual travel itineraries and experiences; and, hub for group tour travel itineraries and experiences.</i></p> <p><i>To undertake sales activities for Group Sales including Meetings & Conventions.</i></p>	16. Grow meetings and conventions delegate nights (domestic).	81,597 contracted room nights (combined domestic & international) - up 61% from 2017
		17. Grow meetings and conventions delegate nights (international).	81,597 contracted room nights (combined domestic & international) - up 61% from 2018
		18. Increase overnight leisure visitation.	Overall room night visitation is up 5.8% from 2016 and up 23.3% from 2012
		19. Improve access to and the quality of information to visitors who are in-market for planning a visit to Halifax.	Launch of new visitor experience program complete. Includes development of new visitor guide for HRM, landing page on Municipal Public Wi-Fi, & Launch of Visitor TV channel in Hotels.
		20. Grow and maintain the Maritime Overnight Leisure market.	Overall room night visitation is up 5.8% from 2016 and up 23.3% from 2012
		21. Obtain Halifax's market share of visitation from "in market planners".	Launch of new visitor experience program complete.
		22. Target Ontario and Western Canada Leisure Market Share.	Data not available
		23. Execute 2016 Leisure Campaign in Maritime Market (media impressions target).	Total reach of campaign 42 million impressions, up 8% from 2016 and up 336% from 2015
		24. Increase visitor spend with members through improved visitor information.	Visitor experience program launched
		25. Realign media assets owned by Destination Halifax (e.g. website, sales materials) to strategy.	Capture of significant b-roll video and photography of Halifax completed. Launch of new website scheduled Q1 2018 Media assets captured are actively shared with key stakeholders including Tourism NS, Halifax Partnership, Waterfront Development, and within our earned media channels.
		26. Realign earned media (media and content not controlled by Destination Halifax) with leisure strategy.	Complete and ongoing effort
		27. Design and implement a pre-post and spousal marketing campaign for meeting delegates (in alignment with <i>Halifax Economic Growth plan 2016-21 Year 1-2 Action -- "69. With economic development and tourism partners, present trade and investment opportunities, as well as tourism offerings to conference delegates."</i>).	Complete and ongoing effort
		28. Support Halifax Port Authority marketing to cruise lines.	Complete and ongoing effort
		29. Develop and implement a search engine optimization strategy for "in market visitors".	Reach of travel media 255 million, up 0.5%.
		30. Implement a travel media program.	33 hosted travel media
		31. Host familiarization tours for travel writers.	\$7 million
		32. Target media coverage value.	1810
		33. Target qualified media stories.	70% growth in social media followers, 47% growth in Blog visitation, 55% growth in engagement
		34. Implement Social Media Program.	Complete
		35. Develop a signature video series to be used for Halifax's future campaigns.	Complete
		36. Capture a series of signature and supporting photography aligning with the new strategy.	Rebrand of Destination Halifax to Discover Halifax completed in 2017
		37. In consultation with HRM, develop a consumer facing logo for Halifax.	Discussions undertaken with additional opportunities being sought in 2018
		38. Implement a "cross sales" training program between DH and Halifax Partnership sales teams.	

Service Level Agreement Area	Objective(s)	Actions	Status
3.03 (b) Destination Informat	<i>To provide visitors and site selectors with appropriate, timely and convenient destination information.</i>	39. Implement an Attendance Building Program (including spousal program). 40. Undertake a market potential review for select visitor information publications and services. 41. Add enhanced visitor planning tools on website. 42. Develop a visitor guide model.	Deferred to 2018 Complete. Launched TV visitor channel in hotels, new visitor guide developed, landing page for free public Wi-Fi created. Substantially complete, launch date February 2018 Complete
3.04 Sector Development	<i>To provide a platform through which industry stakeholders can advance individual business priorities and work collaboratively to grow the tourism sector.</i> <i>To stage relevant and effective professional development programming for the tourism sector.</i> <i>To foster marquee festivals and events that will provide an increased opportunity for destination animation and draws tourists to the Municipality.</i> <i>To support HIAA with the continued development of Air Access.</i> <i>To provide advice on major tourism infrastructure product development.</i>	43. Grow total website referrals to members. 44. Support tourism development in rural HRM (in alignment with <i>Halifax Economic Growth Plan 2016-21</i> Year 1-2 Action -- "33. Assess the feasibility of a rural action committee to foster rural economic development.") 45. Support Air Access Development (in alignment with <i>Halifax Economic Growth Plan 2016-21</i> Year 1-2 Actions -- "17. Assess the role the Municipality could play in a potential air route development fund to open direct commercial and passenger routes to other destinations." & "18. Produce a 5-year Strategic Growth Plan for the Halifax Gateway.") 46. Support major tourism infrastructure product development. 47. Support project development of Georges Island. 48. Undertake a review of the current membership design and develop a membership strategy. 49. Increase member participation in Show Your Badge Program to increase conference delegate spending on local goods and services. 50. Develop a Stakeholder Communications Plan. 51. Implement an Industry Communications Plan. 52. Undertake a membership pricing and structure review.	Data not available (pending new website) Overhaul of Discover Halifax membership program is complete. Objective of the overhaul is increasing membership across all regions in HRM. Regular communications are undertaken with HIAA in regards to growing air access. Regular communications are undertaken with key stakeholders in regards to product development No update Complete Deferred to 2018 Complete Complete Complete
3.05 (c) Leveraged Funding	<i>To leverage the Municipality's investment in Destination Halifax by partnering with the private sector and other levels of government to fund Destination Halifax's activities.</i>	53. Develop a program of marketing partnerships with key membership segments. 54. Grow membership. 55. Deliver membership revenue. 56. Deliver leveraged funding (excluding levee) measured as % of budget.	Attractions Partnership Launched. Dartmouth Campaign Partnership launched. Planning underway three additional partnerships, shopping, culinary, and events in 2018. Membership up 39% from 2016 \$135,000 49.6% (Municipal Contribution = \$386,600, Other Revenue = \$339,725)
3.05 Reporting	<i>To prepare and present regular reports to the Standing Committee and Council on the status of Destination Halifax activities and</i>	57. Develop quarterly status reports for the CAO. 58. Develop a bi-annual Service Agreement Report for CPED and Regional Council.	Submission scheduled for January 2018 Submission scheduled for June 2018
New	<i>To pursue an organizational culture of excellence and client focus.</i>	59. Develop and implement a training development program for employees. 60. Reduce administration expenses.	Ongoing 5 year target of 10% reduction in Administration expenses substantially achieved. A total of \$275,000 in administration costs have been found through a corporate reorganization and downsizing and review of major contracts (2016). In 2017, additional savings from renegotiated contracts (Cell, landline phones, webhosting, and IDSS) resulted in \$14,500 annual savings. Additional revenue via new Partnerships in 2017 \$48,000. Net annual savings = \$337,500 (13% achieved since 2016)



2017 Review of Tourism Demand for Halifax

Discover Halifax



2017 Review of Tourism Demand for Halifax

Discover Halifax

Executive Summary

2017 represented a watershed year for visitation with the highest recorded room sales in our history and was the fifth consecutive year of growth. In total, room nights sold in 2017 are up 23.3% as compared to 2012. Using this growth as a proxy for visitor spending, the estimated increase is \$230 million annually as compared to 2012.

- Room Sales in Paid Accommodations: up 5.8% over 2016 and up 23.3% since 2012.
- Cruise Visitation: The Port of Halifax also had a record year in cruise ship passengers, up 23% to 292,722. Total number of calls was 173 compared to previous year 136 (27.2% increase)
- Air Passenger Traffic: Halifax Stanfield International Airport welcomed over 4 million passengers, a 4.5% increase over 2016
- Contracted rooms for meetings and conventions up 37% from 2016

Growth in Halifax is occurring not as a result of one specific reason rather a number of factors.

Key Metrics for Discover Halifax

- Reach from Marketing Campaigns: 42 million impressions, a significant growth at 105% (548 % three year growth)
- Website Traffic: 1,350,455 sessions, 38% annual growth over 2016 (176% three year growth)
- Contracted rooms for Meetings and Conventions: 81,597 room nights (61% improvement over our best year ever)
- Earned Media Value: \$7,145,142 (up 62%)

An Overview of the Tourism Economy in Halifax



Halifax welcomes 5.3 million overnight stays annually.

Overnight visitors represent just under 4% of our population (1 in 27 people in our community).

Visitors spend about one billion dollars annually in Halifax:

- 20% accommodations
- 80% on other including: Restaurants, Entertainment, Transportation, and Other services

Tourism is estimated to generate about \$120 million in sales tax revenue for Nova Scotia and approximately \$45 million for HRM in property taxes (hotels represent \$14 million)

How visitors arrive:

- Vehicle 84%
- Air 8.5%
- Boat 1.7%

Where they visit from:

- Maritimes 57%
- Ontario 10%
- Rest of Canada 11%
- Europe 5.6%
- New England 4%



Demand: Markets Segments

The historical demand for room nights in Halifax can be broken down into five primary markets: Pleasure, Visiting Friends and Relatives (VFR), Meetings & Conventions, Business, and Other. Although some fluctuations do occur from year to year, these segments remain relatively proportionate from year to year (see Figure 1).

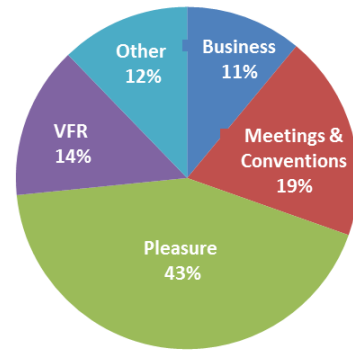
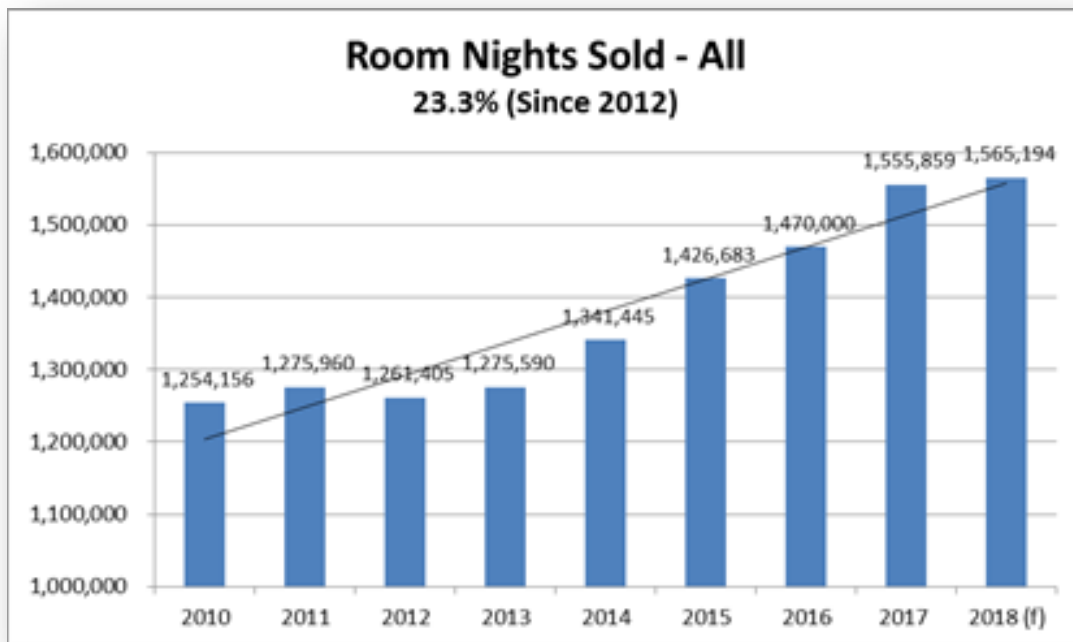


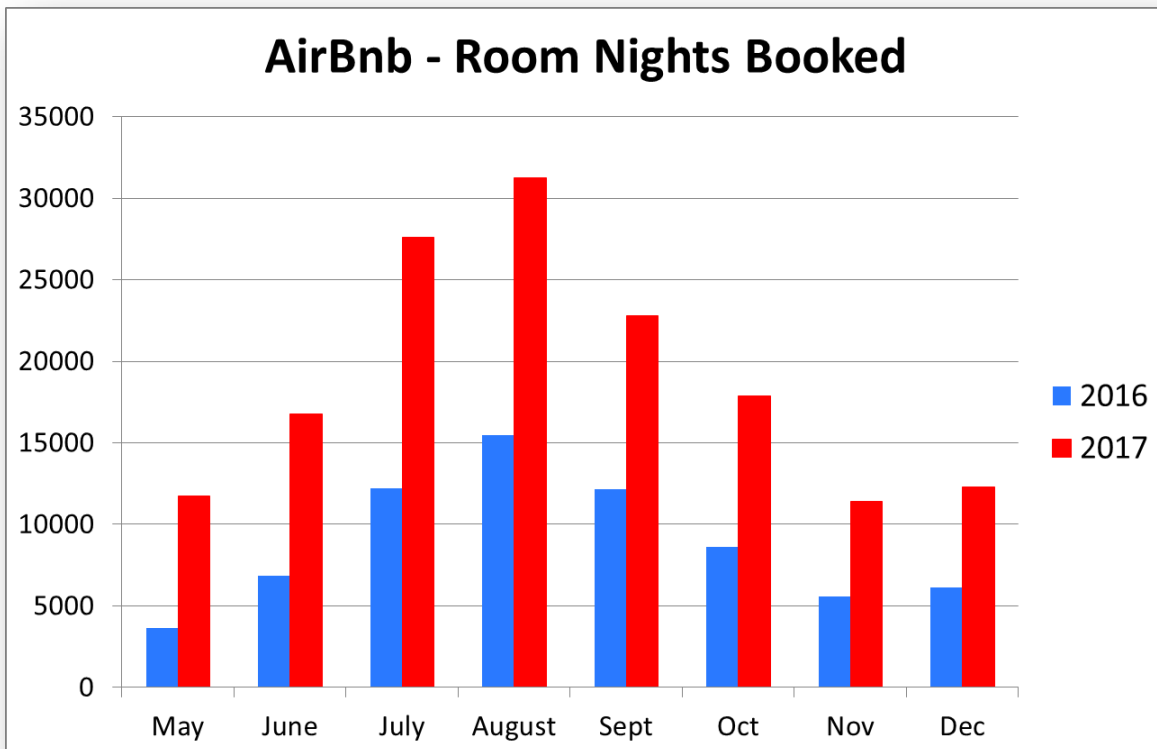
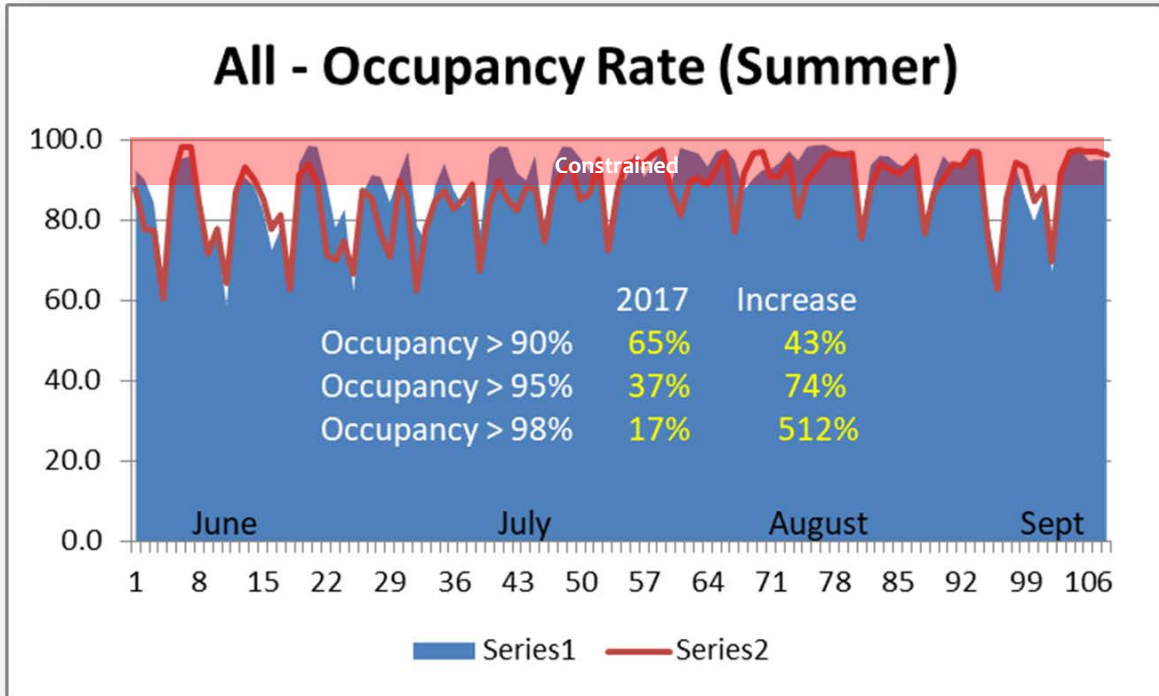
Figure 1: Room nights by purpose of travel

2017 In Review

2017 was at an all-time high for room nights sold in Halifax. A number of positive factors contributed to the including 2017 Rendezvous Tall Ships, pent up demand for opening of the new convention center, Canada 150 Celebrations, and increased awareness of the many events and activities occurring in the city during the year.



Furthermore, a number of major hotel renovations announced late in 2016 have resulted in temporary reductions in room supply and a corresponding increase in occupancy and average daily rate. As a result, it is believed room sales have been impacted on occasion due to city-wide “sell-outs” and/or pressure on demand arising from raised prices. Occupancy rates over 90% are considered “constrained” with consumers often having difficulties finding rooms in their desired location or accommodation type. It is believed many visitors were compelled to seek alternative accommodations including AirBNB.





New Investments & Growing Tax Base:

Many multi-million dollar projects have recently been completed in the Halifax region with many additional proposed or speculative projects in various stages of development.

New Hotels Under Development

- Nova Center Hotel
- Marriott Courtyard & Residence Inn Dartmouth Crossing
- Holiday Inn Express Dartmouth (NEW BUILD John Savage Ave)

Upgrades Completed and/or In Progress

- Major Upgrade: Ramada Inn Dartmouth (now Delta)
- Major Upgrade: Holiday Inn Dartmouth (now Double Tree)
- Holiday Inn Express Bedford
- Weston Renovations
- The Dartmouth Hampton Inn Renovations
- Best Western Dartmouth Renovations
- Marriott Harbourfront Renovations

Other Proposed or Speculative Investments (Hotels)

- An additional 5-7 hotel development proposals have been actively discussed and are in varying stages of development or proposal.

AirBNB, Taxes, and the Sharing Economy

The growth in the sharing economy and AirBNB are introducing challenges to correctly reporting room night growth and visitation. More recently however new data is becoming available helping provide a more clear picture of demand for the region.

At present, the total active listings by AirBNB in HRM is 1,047. In the past 12 months a total of 173,994 estimated room nights were sold in 2017. This new growth has risen from virtually zero in 2012 and now represents an estimated 11% of all rooms sold in HRM.

The total estimated sales revenue from AirBNB is \$20.2 million annually in HRM. It should be noted that the displacement of revenues from traditional hotels to AirBNB carries an estimated loss of \$300,000-400,000 in levy revenue for HRM annually.

The introduction and expansion of the sharing economy provides a number of unique questions,

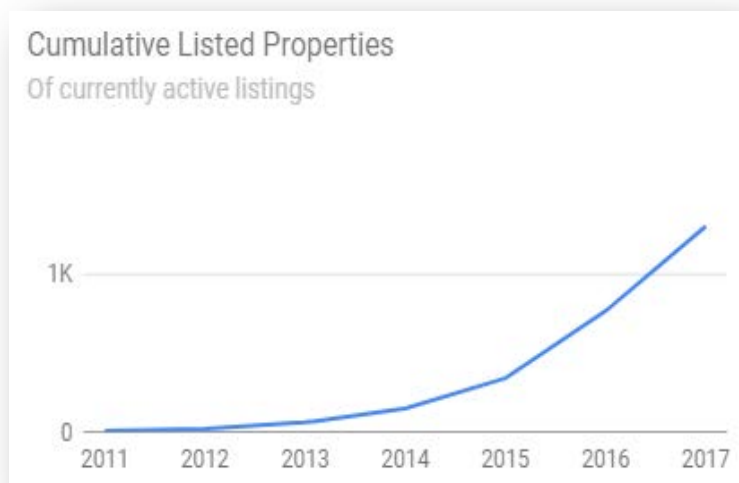


Figure 1 - Growth of Airbnb Listings in HRM



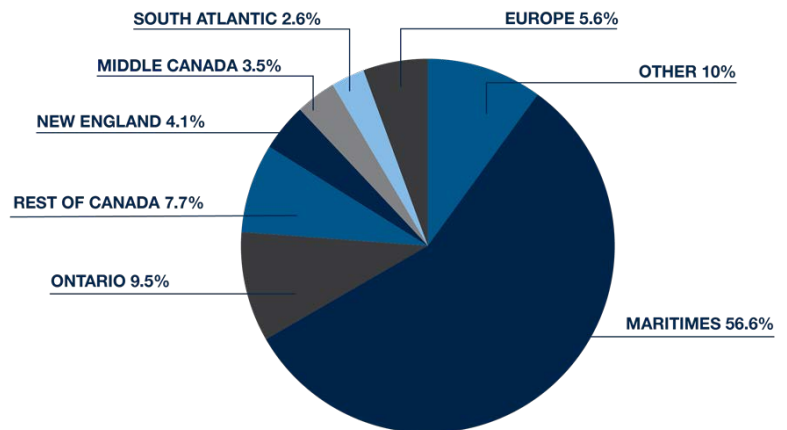
challenges, and opportunities for communities to consider. The intention of this report is only to identify and quantify the expanding growth of the segment.

AirBNB Data - Halifax Regional Municipality													
2017													
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Annual
Total Available Listings													
Entire Place	403	369	394	413	539	639	745	772	726	679	625	657	6,961
Private Room	302	297	282	269	357	400	434	436	396	380	360	394	4,307
Shared Room	4	4	4	4	5	8	8	10	7	8	5	6	73
Booked Listings													
Entire Place	252	211	239	311	416	542	685	722	671	573	451	493	5,566
Private Room	141	137	130	166	223	287	374	397	363	307	229	236	2,990
Shared Room	1	1	2	2	1	3	4	7	4	6	1	1	33
Room Nights - Entire Place													
Total Available	10,779	9,234	10,811	13,495	20,027	26,535	35,259	37,370	31,885	27,276	20,419	23,781	266,871
Booked	5,234	4,707	5,098	7,240	11,714	16,756	27,582	31,266	22,806	17,897	11,422	12,272	173,994
Listing Nights - Entire Place													
Available	6,004	5,181	6,044	7,678	10,985	13,781	18,123	19,048	16,488	14,438	11,072	12,453	141,295
Booked	2,969	2,820	3,125	4,331	6,744	9,088	14,427	16,201	12,232	9,747	6,390	6,680	94,754
Occupancy	0	1	1	1	1	1	1	1	1	1	1	1	63%
ADR	95	93	100	92	100	116	129	132	124	115	103	105	\$ 108.68
RevPAR	47	50	52	52	62	76	103	112	92	77	59	56	\$ 69.96
Revenue	498,800	436,151	509,596	669,048	1,176,320	1,937,496	3,563,870	4,118,358	2,835,126	2,054,400	1,171,953	1,290,695	20,261,812

2018 Outlook

Pleasure Segment

Accounting for 43% of the total room nights annually in Halifax, the pleasure travel is more than two times the size of the next largest segment, Meeting & Conventions. Consequently, the success of this segment has a significant impact on overall room nights in Halifax. Moreover, within this segment, visitation from Maritimers represents 56% of this visitation and Canadians account for over ¾ of the leisure market.



Important factors influencing these segments include the US dollar (making Canadian travel more or less attractive for Canadians), the overall economy, and the weather. Two significant factors to consider in 2018 will be the Bank of Canada’s decision to increase interest rates and the corresponding impact on the Canadian Dollar. This may be a double impact as an increase in interest rates will reduce overall disposable income for Canadians and is expected to negatively impact our single largest



market. Other important factors to consider will be the continued amount of construction and traffic as the drive market represents 88.2% of the person visits to HRM.

With the completion of renovations on properties in 2018, a “return of supply” is expected to place downward pressures on occupancy as compared to 2017. Furthermore, it is expected the opening of the new hotel attached to the Nova Center will add additional inventory however the timing and amount is not yet determined. It is also yet to be determined if the increase in supply will translate into a lower average daily rate (ADR). Notwithstanding any changes to rates; consumer’s memory of higher rates set in 2017 may linger into 2018.

Looking beyond economic factors, festivals, events, and activities play a large role in overall room nights, particularly those from near markets. 2017 represented a significant year for major events with the inclusion of Rendezvous Tall Ships and Canada 150 celebrations. Although there are a number of events expected in 2018, we are anticipating a retreat on visitation resulting from events in comparison to 2017.

Visiting Friends & Relatives (VFR)

Although many VFR visitors choose to stay with friends and relatives, 8-12% of these visitors choose paid accommodations during their visit. Given the significant size of this segment, VFR is estimated to account for 14% of overall room nights in the Halifax region. With 51% of these visitors indicating that leisure activities were important factors in their decision making process, many of the same pressures affecting leisure visitation are also expected to provide pressure on visitation from the VFR market in 2017.

Meetings and Conventions

Accounting for 19% of our historical room nights, the M&C segment is an important determinant in overall annual room demand. It is however important to note that 80% of this segment arises from smaller business meetings not booked with the convention center or via the DMO. The remaining 20% represents approximately 50,000 room nights annually. Historically 1/3 of the room nights associated with these larger conferences are held in the Convention Center with the remaining 2/3 arising from other conference center properties.

As a result of the backlog and pent up demand for the new Convention Center, the forecast for meetings and conventions business in 2018 is positive with M & C room nights booked by Destination Halifax to be between 67,000 and 75,000 room nights (up over 20,000 rooms from 2017).



Booking Pace Report												
Discover Halifax Clients												
2017												
	2014	2015	2016	2017	2018		2019		2020		2021	
	Actual	Actual	Actual	Definite	Definite	Tentative	Definite	Tentative	Definite	Tentative	Definite	Tentative
January	92	1,460	76	464	25	52	-	-	3,178	-	-	-
February	1,778	3,146	-	565	20	174	-	-	-	520	-	-
March	490	294	-	16	1,005	172	-	950	-	-	-	-
April	688	3,693	6,520	4,646	8,968	210	3,545	1,068	460	2,990	-	6,338
May	3,535	7,229	6,140	6,936	14,390	2,295	10,402	6,039	1,500	160	-	5,715
June	14,088	9,899	8,724	8,385	10,641	2,090	3,580	1,205	2,455	4,010	-	2,840
July	6,953	2,573	6,756	3,749	3,411	20	-	135	1,220	4,465	-	-
August	5,039	4,870	1,227	3,595	8,073	475	570	474	9,391	-	1,755	325
September	2,411	6,480	2,351	7,314	9,777	2,712	3,020	11,110	-	5,309	-	6,050
October	5,212	1,160	1,546	7,761	5,552	747	1,491	1,820	660	2,050	-	3,025
November	2,461	840	812	3,316	5,083	735	1,805	4,068	1,160	-	-	-
December	15	510	-	27	-	-	-	230	-	-	-	-
TOTAL	42,762	42,154	34,152	46,774	66,945	9,682	24,413	27,099	20,024	19,504	1,755	24,293
LAST YEAR	20,916	42,762	42,154	34,152	46,774	-	66,945	9,682	24,413	27,099	20,024	19,504
Change	21,846	- 608	- 8,002	12,622	20,171	9,682	- 42,532	17,417	- 4,389	- 7,595	- 18,269	4,789

Figure 2 - Convention Room Nights Booked by Discover Halifax

Business

Historically, business travel has accounted for 11% of the overall room night sales for the Halifax Region. Perhaps the most important variable to consider in this segment is the state of the overall economy and more specifically the Halifax economy.

According to the Bank of Canada Business Outlook Survey

Responses to the summer Business Outlook Survey suggest that business activity is continuing to gain momentum, buoyed by indications that domestic demand will improve further. Positive business prospects are increasingly widespread across regions and sectors.

- Building on a pickup in sales over the past 12 months, firms expect sales growth to improve further, driven by strength in services and recovering activity tied to the commodity sector. Foreign and domestic demand both provide positive impetus, although risks from potential US policy changes cloud the outlook.
- Although the balance of opinion on investment edged down, plans to increase spending remain widespread and have become more focused on expanding capacity to accommodate stronger demand. Service firms most often cited spending on technology and software. The indicator of hiring intentions, in turn, reached a record high.



- Capacity pressures increased overall, although from low levels in regions tied to energy. Together with rising indicators of labour shortages, responses suggest that slack is being absorbed.
- Despite strong forward-looking indicators of business activity, survey results point to only modest growth in future input and output prices. Inflation expectations edged down and are concentrated in the lower half of the Bank’s inflation-control range.
- Credit conditions are unchanged, as most firms saw no change in the terms and conditions for obtaining financing.
- The Business Outlook Survey indicator, which summarizes the survey results, continued to move up to its highest level since 2011, suggesting a broad-based improvement in business sentiment

Nova Scotia Economy:

According to the Royal Bank of Canada:

Limited scope for construction and manufacturing to contribute more. We see little scope for a number of sectors in the province to up their game and reverse the slowing growth trajectory of the economy. The manufacturing sector, for instance, is expected to operate at a high level with only limited capacity to expand further. The shipbuilding industry in particular is operating near capacity with two ships under construction as part of the contract with the Canadian Navy. Nova Scotia’s large construction sector is facing lower activity as work wraps up on major projects including the Maritime Link and the Nova Centre. While residential investment has had a strong hand off from last year, our outlook for housing and home building sees limited growth at best, in part reflecting our expectation of slowing population growth.

As evident in several reports, the Halifax economy is set to outperform the national average in 2018. The question, “will Halifax outperform itself in 2018 compared to 2017” is however uncertain and we are therefore recommending a conservative approach to forecast business travel in 2018 at 0% growth.


	Business	Conventions	Pleasure	VFR	Other	Total
2015 (Actual Room Nights)	149,348	263,463	583,720	195,099	165,913	1,357,543
2016 (Estimated Growth %)	2.4%	-3.2%	6.5%	6.1%	2.4%	3.6%
2016 (Estimated Growth)	3,527	-8,354	38,000	11,908	3,977	49,058
2016 (Estimated Actual Room Nights)	152,875	255,109	621,720	207,007	169,890	1,406,601
2017 (Growth Rate Assumption)	0.5%	3.5%	0.5%	0.5%	0.0%	1.0%
2017 Forecast Growth	764	8,929	3,109	1,035	-	13,837
2017 Forecast (Total Room Nights)	153,640	264,038	624,829	208,042	169,890	1,420,438
2018 (Growth Rate Assumption)	0.0%	5.0%	-0.5%	-0.5%	0.0%	0.6%
2018 Forecast Growth	-	13,202	-3,124	-1,040	-	9,038
2018 Forecast (Total Room Nights)	153,640	277,240	621,704	207,001	169,890	1,429,475

Figure 3 * Segments Based on Stats Canada Historical Data. Convention Center Actual Data. Excludes AirBNB



Appendix - List of Accommodations Providers (>20 rooms)

Name of Establishment	Area	Aff Date	Open Date	Rooms	STR Reporting
Hilton Garden Inn Halifax Airport	Enfield, NS	Dec 2005	Dec 2005	145	Y
Holiday Inn Express & Suites Halifax Airport	Enfield, NS	Apr 2008	Apr 2008	119	Y
Ascend Collection Inn On The Lake	Fall River, NS	Dec 2009	Jun 1972	39	Y
Alt Hotel Halifax Airport	Enfield, NS	Jun 2013	Jun 2013	169	Y
Quality Inn Halifax Airport Goffs	Goffs, NS	Jul 2007	Jun 1978	156	Y
Lake City Motel	Dartmouth, NS	Jun 1968	Jun 1968	31	
Hearthstone Inn Halifax Dartmouth	Dartmouth, NS	Dec 2014	Jun 1972	54	Y
Travelodge Suites Dartmouth	Dartmouth, NS	May 2011	Oct 1990	75	Y
Concorde Coastal Inn	Dartmouth, NS			56	
Comfort Inn Dartmouth	Dartmouth, NS	Aug 1994	Jun 1984	80	Y
Holiday Inn Halifax Harbourview	Dartmouth, NS	Jul 1965	Jul 1965	196	Y
Hampton Inn Suites Halifax Dartmouth	Dartmouth, NS	Apr 2009	Apr 2009	162	Y
Burnside Hotel	Dartmouth, NS	Sep 1997	Jun 1972	96	
Ramada Plaza Dartmouth Park Place	Dartmouth, NS	Jun 2004	Jun 1991	178	Y
Best Western Plus Dartmouth Hotel & Suites	Dartmouth, NS	Apr 2011	Sep 2008	121	Y
Westin Nova Scotian	Halifax, NS	Aug 1996	Jun 1928	310	Y
Atlantica Hotel	Halifax, NS	May 2009	May 1974	232	Y
Courtyard Halifax Downtown	Halifax, NS	Jun 2007	Jun 2007	125	Y
The Halliburton	Halifax, NS	Jun 2000	Jun 1985	28	
Delta Hotel Halifax	Halifax, NS	Jun 1999	Jun 1973	295	Y
DoubleTree Suites The Hollis Halifax	Halifax, NS	Dec 2014	Apr 1996	120	Y
The Waverley	Halifax, NS			34	
Residence Inn Halifax Downtown	Halifax, NS	Sep 2004	Sep 2004	92	Y
Hampton Inn Halifax Downtown	Halifax, NS	Jun 2014	Jun 2014	181	Y
Homewood Suites Halifax Downtown	Halifax, NS	May 2014	May 2014	135	Y
Garden South Park Inn	Halifax, NS	May 1998	May 1998	23	
Lord Nelson Hotel & Suites	Halifax, NS	Jun 1928	Jun 1928	262	Y
Marriott Halifax Harbourfront Hotel	Halifax, NS	Mar 2006		352	Y
Delta Hotel Barrington	Halifax, NS	Jun 1980	Jun 1980	200	Y
The Prince George Hotel	Halifax, NS	Jun 1997	Jun 1986	201	Y
Cambridge Suites Hotel Halifax	Halifax, NS	Jun 1987	Jun 1987	200	Y
Four Points by Sheraton Halifax	Halifax, NS	Sep 2001	Sep 2001	177	Y
Commons Inn	Halifax, NS	Jun 1989	Jun 1989	38	
Chebucto Inn	Halifax, NS			32	
Wedgewood Motel	Halifax, NS	Dec 1999		40	
Comfort Inn Halifax	Halifax, NS	Jun 2007	Jun 1973	63	Y
The Bluenose Inn & Suites	Halifax, NS	Oct 2015	May 1960	52	Y
Ascend Collection Chateau Bedford	Halifax, NS	May 2015	May 1995	98	Y
Quality Inn & Suites Bayer's Lake Halifax	Halifax, NS	Sep 2005	Sep 2005	113	Y
Best Western Plus Chocolate Lake Hotel	Halifax, NS	Apr 2011	Jun 1962	142	Y
Seasons Motor Inn	Halifax, NS	Aug 1965	Aug 1965	37	
Coastal Inn Halifax	Halifax, NS	Mar 2014	Jun 1999	64	
Comfort Inn Hotel Bayer's Lake	Halifax, NS	Mar 2011	Mar 2011	73	Y
Future Inns Halifax	Halifax, NS	Jun 2005	Oct 2002	132	
Oceanstone Seaside Resort	Indian Harbour, NS			25	
Esquire Motel	Bedford, NS	Oct 1955	Oct 1955	28	
Stardust Motel	Bedford, NS	Dec 1969	Dec 1969	51	
			46	5632	

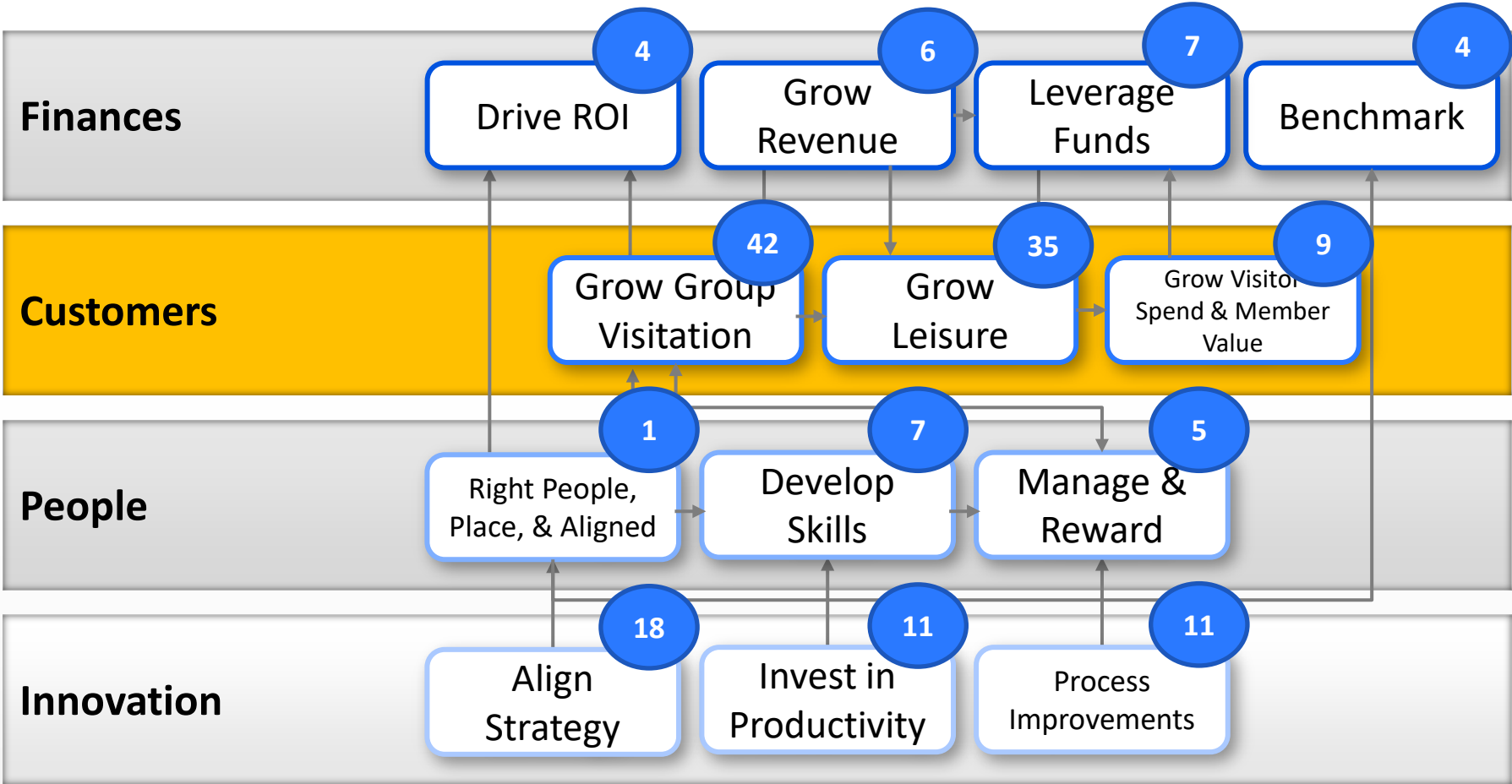


Attachment 3

2017 Year End Review Balanced Scorecard

The Balanced Scorecard

4 Themes: 13 Goals Supported by 126 Projects and Programs



Balanced Scorecard

Customer

Grow
Leisure

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Paid Media:

Implemented three campaigns in the “near market”.

1. Summer Liesure

- Television: 30 sec spots
- OOH: Billboard
- Digital: al Display + Video (Pre-Roll) + Social Media
- Cinema (movie Theaters)

2. Attractions Partnership

- Regional + Ontario/Quebec via Parntership with TNS
- Television: 30 sec spots
- Digital + Pre-roll + Social Media

3. Dartmouth Partnership

- TV + Digital

Total Reach: 42 Million Impressions
8% annual growth (336 % three year)

Balanced Scorecard

Customer

Grow
Leisure

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Owned Media KPIs:

- Website YTD: 1,350,455 sessions **38% annual growth (176% three year)**
- Blog YTD: 459,961 sessions, **47% annual growth (345% three year)**
- Social Media Following: 118,000 **70% annual growth**
- Social Media Engagement 580,383/post **55% annual growth**

Owned Media (key projects):

- New Website Design: 95% complete
- Multiple new promotional videos complete:
 - Attractions, Events, Perfect Balance, Culinary/Retail
- Inspiring Content Capture for 2018

Balanced Scorecard

Customer

Grow
Leisure

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Earned Media:

Q1/Q2 stats

# of stories in Travel media:	1,810 (down 7%)
Circulation (Reach):	255,340,690 (up 0.5%)
Estimated Ad Value:	\$7,145,142 (up 62%)
Travel media writers hosted YTD	33 (no change)

Extensive preparations made for GoMedia, Destination Canada's Premier Travel Writing Marketplace being held in Halifax in October 2017 - 1:1 Interviews with 32 Top Media

Balanced Scorecard

Customer

Grow Group
Visitation

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Trade Shows & Events Attended/Hosted:

- Tete a Tete Tradeshow - Ottawa
- Religious Conference Management Association - Chicago
- Helms Briscoe Annual Business Conference – Chicago
- Business Events Canada DC Event
- RendezVous Canada – Calgary
- Ottawa Client Event
- Business Events Canada NYC Event
- Business Events Canada Chicago Sales Mission & Event
- Destination Showcase Halifax
- CESSE (Council of Engineering & Scientific Society Executives) – Quebec
- CanSPEP (Canadian Society of Event Planners) – Charlottetown
- ASAE (American Society of Association Executives) - Toronto
- Incentive Works Trade Show - Toronto

Balanced Scorecard

Customer

Grow Group
Visitation

Customer

2017 Results :

- Site Inspections **36**
- Leads/Bids **174**
- Bids Won **108**
- Tentative **131,434 room nights**
- Definite **81,597 room nights (Goal 55,000)**
(61% improvement over our best year ever)

Innovation &
Operations

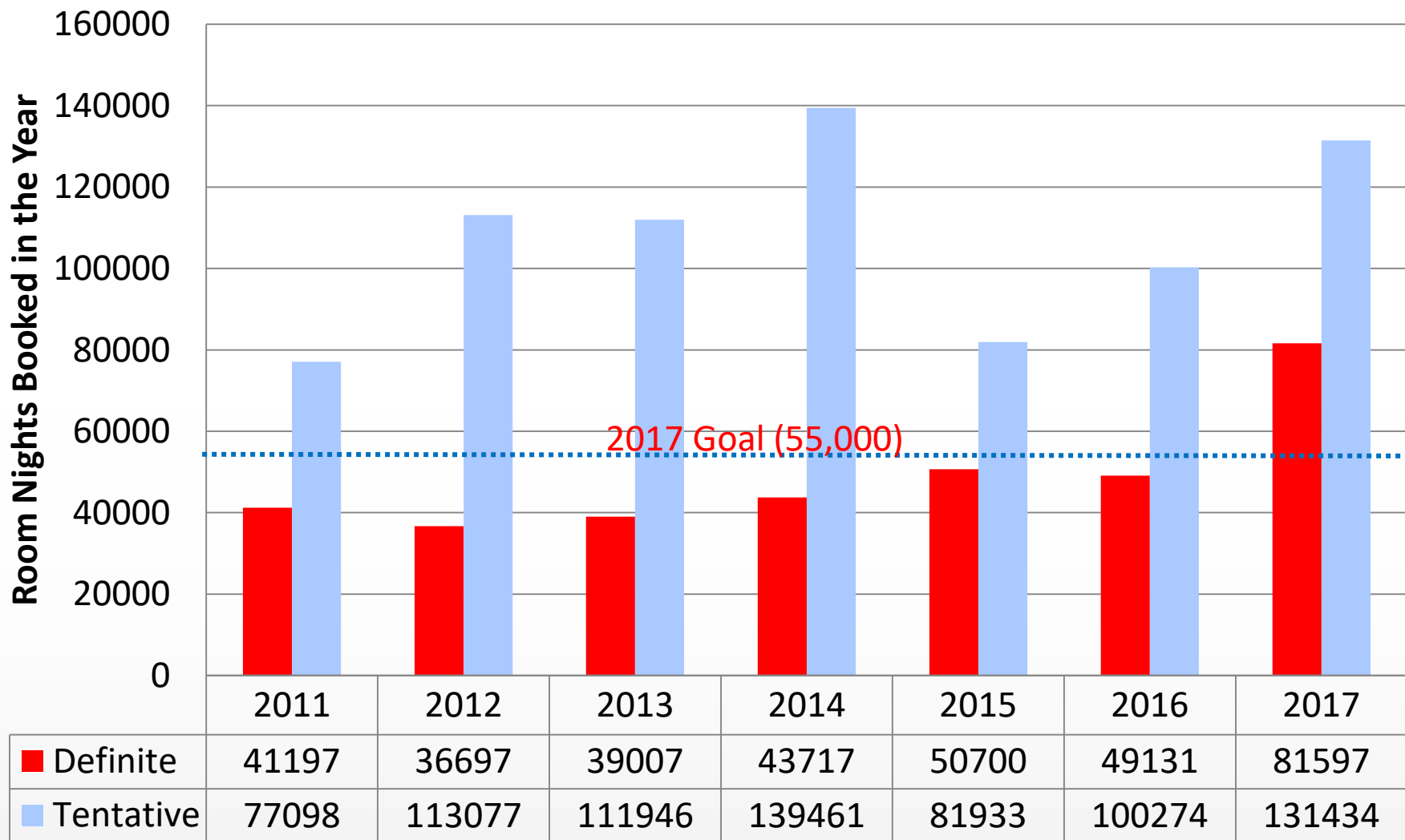
People

Financial

Industry
Supporting Role
(non-core)

Productivity

Conference Room Nights – Discover Halifax



Balanced Scorecard

Customer

Grow Visitor
Spend & Member
Value

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Progress YTD:

- Rebrand and renaming of company
- Overhaul of membership program and fee structure
- Design and approval of “Visitor Experience Program”
 - “TV Visitor Channel” in Hotel Rooms
 - Partnership with City on Wi-Fi landing page and development of the microsite
 - Launch of new “official” Visitor Guide
 - Launched “Like Shop” on Instagram (increasing conversion)
 - Complete website redesign 95% complete
 - RFP issued for Self Serve Kiosks
- Introduction of 9 Strategic Partners in membership program
- Increase of 39% memberships (launched in December only)

Balanced Scorecard

Customer

Customer

Innovation & Operations

People

Financial

Industry Supporting Role (non-core)

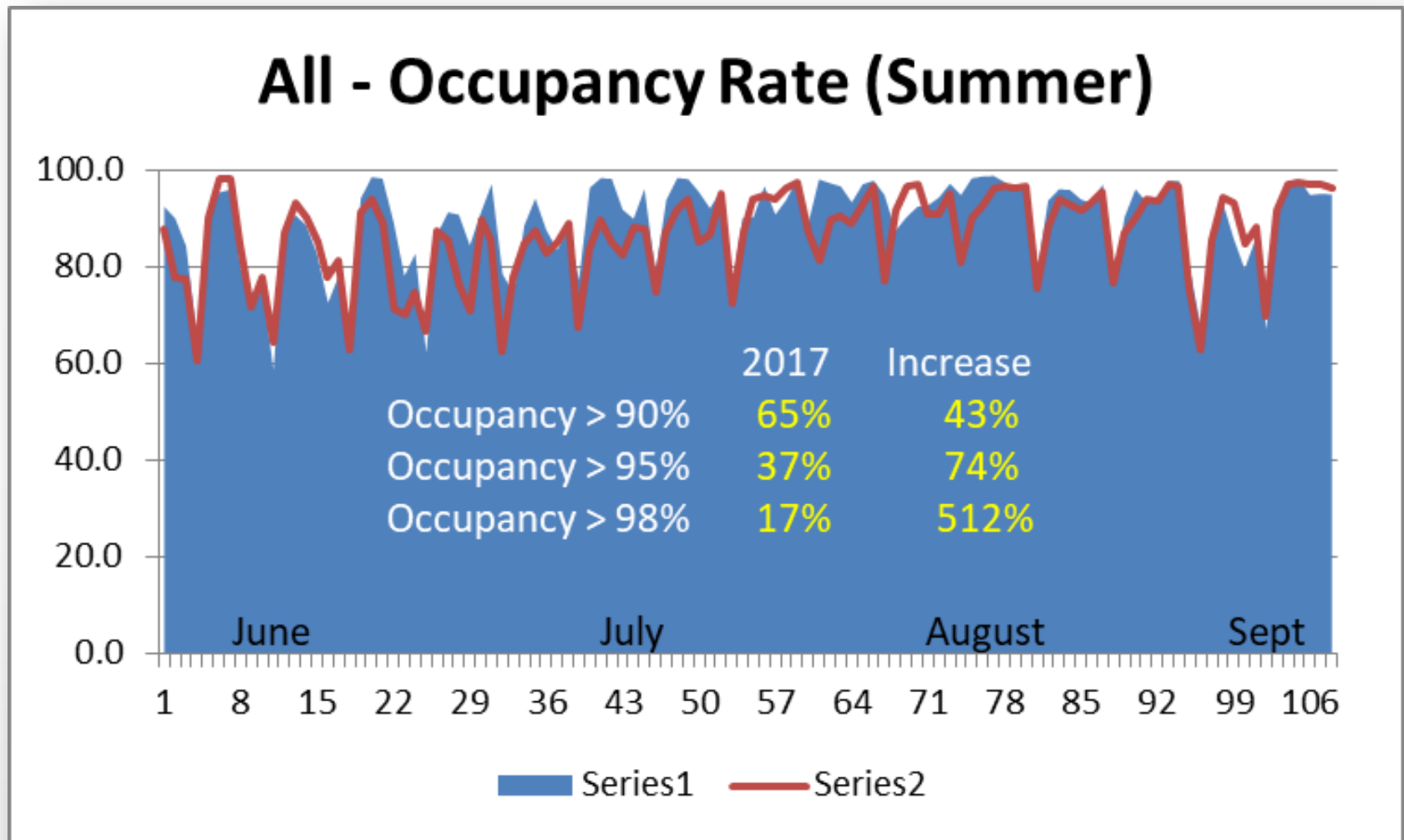
Visitation (All Markets):

Because of the difficulty in measuring total visitor spend, room sales is used as a proxy to measure the overall growth of the tourism industry. (spending on accommodations typically accounts for 20% of the visitors spending)

- Room Nights Sold* **1,555,859** **up 5.8%** **(23.3% 5 year)**
- Hotel Occupancy **72%** **up 5%**
- ADR (Hotel) **145.82** **up 9%**
- Room Revenue **\$ 205,912,402** **up 10%**

Balanced Scorecard

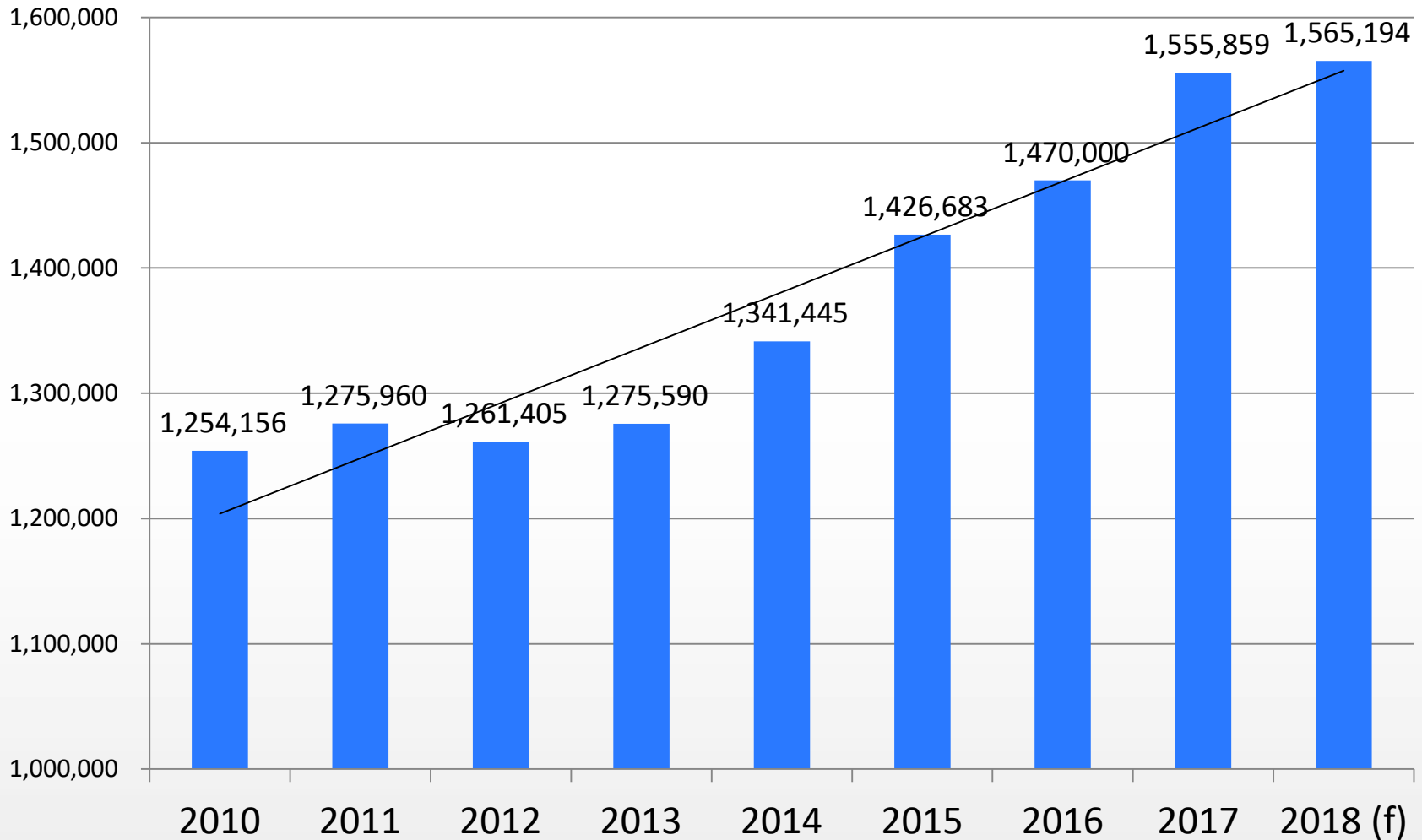
Customer



Balanced Scorecard

Customer

Room Nights Sold – All Rooms 23.3% (Since 2012)



Balanced Scorecard

Innovation

Align
Strategy

Invest in
Productivity

Process
Improvements

Customer

**Innovation &
Operations**

People

Financial

Industry
Supporting Role
(non-core)

1. Invest in productivity development tools

- Implementation of Sales Module in CRM completed
- Implementation and design of Membership Module in CRM
- Integration of CRM with our new Website and Member Portal
- Implementation of new Economic Impact Calculator in our CRM

2. Align strategy and service delivery with our partners

- Marketing partnership with **Downtown Dartmouth**
- Marketing partnership with **Attractions Partners**
- Continued “inspiring content” development with **TNS**
- New Membership and Visitor Experience Program approved by the board and design of key program elements substantially completed
- Strategic Partnership WIP:
 - All of the Bids (Downtown Halifax, North End Business Assoc, Spring Garden Business Assoc, Downtown Dartmouth, Quinpool Business Assoc, etc.
 - DEANS
 - RANS
 - Musquodoboit Harbour Chamber of Commerce
 - Sheet Harbour Chamber of Commerce
 - St Margarets Bay Tourism Assoc.

Balanced Scorecard

Innovation

Align
Strategy

Invest in
Productivity

Process
Improvements

Customer

**Innovation &
Operations**

People

Financial

Industry
Supporting Role
(non-core)

3. Improve our internal processes

- Design and Implementation of an on-line Purchase Order Management System
- Development Policies:
 - Purchasing
 - Travel, Food & Beverage

Balanced Scorecard

People

Right People,
Place, & Aligned

Develop
Skills

Manage &
Reward

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

1. Ensure the right team, right place, aligned with strategy

- HR policy created
- Performance Management Program Introduced & integration in our CRM

2. Develop the skills and competencies of our people

- Training completed for several positions (Admin, Marketing)
- Team development program initiated (**Stalled in Q4**)

3. Manage and reward performance

- Implementation of Performance Management System and mid-year reviews completed
- Completion of Market Compensation Review of Salaries
- Design and implementation of pay bands

Balanced Scorecard

Financial

Drive ROI

Grow
Revenue

Leverage
Funds

Benchmark

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

Financial Improvements

- Organizational restructure and review of major contracts leading to approximately \$ 275,000+ in annual savings (10% of budget from 2016 Project)
- Additional revenue via new Partnerships \$48,000
- Active discussions on possible increase in Levy with Hotel Association & presentation from HANS to CPED
- Design and launch of new “pay to play” visitor experience program
 - Visitor Guide
 - Website
 - Visit Stay Enjoy TV Channel in Hotels

Balanced Scorecard

Supporting Industry & Partners

Completed Activities YTD

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

1. Support Air Access Development

- Ongoing discussions with Airport on development opportunities
- DH involved in Altitudes East Conference
- Westjet announcement daily flights to London and Paris

2. Establish Festivals and events delivery model c/w recommendations for a funding model for Halifax

- Ongoing discussions

3. Participate in Review of Possible Provincial Wide Hotel Levy

- Ongoing discussions

4. Member Communications

- Significant redesign of Membership

Balanced Scorecard

Supporting Industry & Partners

Municipal Tax Implications – Hotel Investments

Customer

Innovation &
Operations

People

Financial

Industry
Supporting Role
(non-core)

1. New Hotels Under Development

- Nova Center
- Marriott Courtyard & Residence Inn Dartmouth Crossing
- Holiday Inn Express Dartmouth (NEW BUILD John Savage Ave)

2. Upgrades Completed & in progress

- Major Renovation: Ramada Inn Dartmouth (now Delta)
- Major Renovation: Holiday Inn Dartmouth (now Double Tree)
- Holiday Inn Express Bedford
- Weston Renovations
- The Dartmouth Hampton Inn Renovations
- Best Western Dartmouth Renovations
- Marriott Harbourfront Renovations

3. Other Proposed Investments (Hotels)

- Queens Marque Boutique Hotel
- Westwood Developments Boutique Hotel – Spring Garden Road
- Maristella building & Boutique Hotel at King's Wharf
- Crombie Development Ltd. Lower Sackville