

Business Indicators ♦ June 1998

Ski Resorts on Track for Future Growth

The last edition of the Major Projects Inventory reported on 13 projects relating to ski resorts in the province: 5 in Mainland/Southwest, 4 in Thompson/Okanagan, 3 in Kootenay, and 1 on Vancouver Island. The projects range in scope from the replacement of gondolas and chairlifts to the development of new ski resorts.

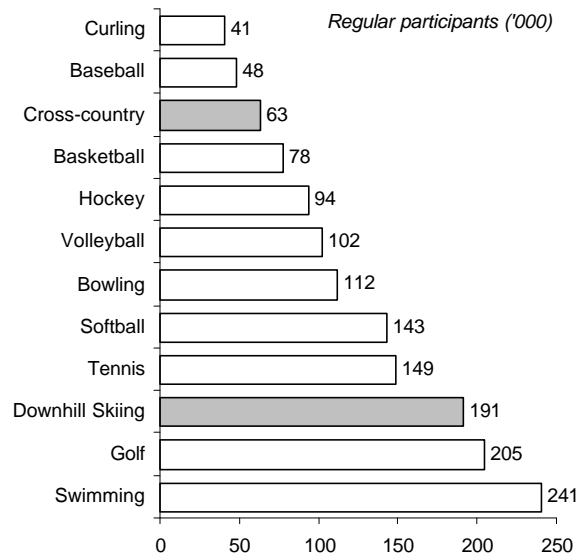
There are currently 3 proposals for new ski facilities in the province, two of them in the Mainland/Southwest region. The projects are currently being reviewed under the BC Environmental Assessment Act. The proposed Cayoosh Ski Resort near Lillooet is expected to generate 670 jobs in the construction phase, and 3,600 during its operation. In addition, a proposed new ski resort near Squamish on Mount Garibaldi, including 150 ski trails and 20 lifts, is also under consideration. In Kootenay, the Jumbo Glacier Ski Resort near Invermere would generate an estimated 670 construction jobs and ongoing employment for 1,000 people.

Other proposals include expansions and upgrades of the Whittetooth Ski Area, Fernie Alpine Resort and Kimberley Ski Resort. A five-year upgrade to facilities at Whistler/Blackcomb is currently underway and expected to be completed by 1999. Upgrades are also being made at the Mount Washington, Cypress Bowl, Big White, Sun Peaks and Panorama resorts. Most of the projects involve improvements or replacement of chairs and lifts, and expansion of existing accommodations. At the Panorama Ski Resort, improvements include snowmaking, trail development, and 400 acres of new skiing terrain. The Cypress Bowl project also involves the development of 9 kilometres of new cross-country ski trails.

Despite the predictions of some demographers regarding weak prospects for the ski industry given an aging North American population, the

future of BC's skiing industry seems bright. According to a 1992 Statistics Canada survey, downhill skiing is the third most popular recreational activity among British Columbians, and the second most popular activity for Canadians. In 1992, 7.4% of BC residents, and 6.3% of Canadians, said they regularly participate in downhill skiing. Cross-country skiing was somewhat less popular, with 2.4% of BC residents participating in this activity, compared to 4.0% of Canadian adults. Skiing, both downhill (8.7%) and cross-country (7.4%), was most popular among Quebecers.

Downhill skiing is the third most popular recreational activity of BC adults

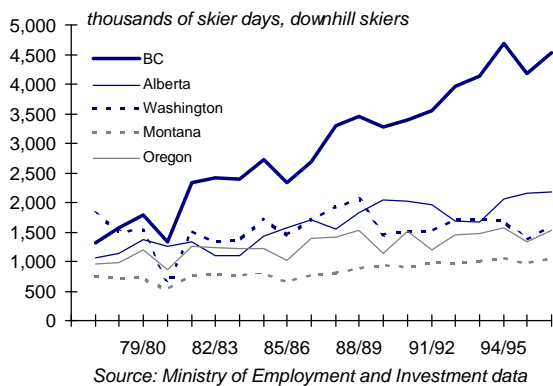


Source: Statistics Canada, General Social Survey, 1992

Given the popularity of skiing as a recreational activity, and an increased emphasis on being physically fit, the rapid growth in the ski industry which has occurred during the last two decades might not seem surprising. But BC resorts have seen bigger increases in the number of skiers than resorts in neighbouring jurisdictions—including

those in Alberta, where a larger share (7.8%) of the adult population regularly participates in downhill skiing. Twenty years ago, 1.3 million skiers visited ski resorts in British Columbia. In 1996/97, an estimated 4.5 million people skied at resorts in the province. During the same period, the number of skiers at resorts in Alberta increased from 1.1 million to 2.2 million. Ski resorts in neighbouring states did not fare nearly as well. The number of skiers increased 59% to 1.5 million in Oregon and 40% to 1.1 million in Montana. In Washington, there were 1.6 million skier days in 1996/97, 12% less than twenty years ago. As a result of the very strong growth in BC, the province's share of the regional market has risen from 22% to 42%.

The number of skiers at BC resorts has increased more rapidly than in neighbouring jurisdictions



The skiing industry has developed considerably during the last two decades. Comfortable gondolas and heated lifts, well-groomed snow, resort villages offering a wide range of services and a winter theme park atmosphere have enhanced the skiing experience for those who take to the slopes. The introduction of wider (parabolic) skis has made the sport more accessible to beginners and older skiers. In addition, a revived interest in cross country skiing, and the introduction of popular new winter sports such as snowboarding have contributed to growth in the number of visits at BC resorts.

Whistler/Blackcomb has also been a major factor contributing to BC's success in attracting more skiers. This resort has been consistently rated number one in North America, and is drawing a

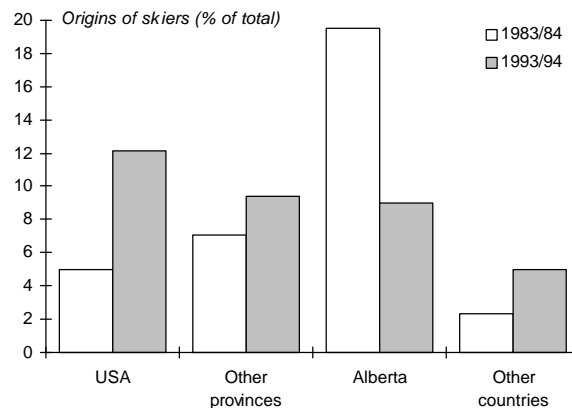
growing number of visitors from overseas. The facility has more than 100 downhill runs, and on-hill accommodation of 16,800 beds.

There are approximately 60 downhill ski areas in the province (1997/98 season). These areas offer more than 1,000 downhill runs and 550 kilometres of cross-country skiing trails. About half of the resorts provide on-hill accommodation, ranging from lodges and chalets to condominiums and luxury hotels. The total number of on-hill rooms available is about 35,000.

Direct sales by BC's ski industry approach just under \$300 million a year. Gross lift revenues at the 19 largest ski areas in the province, accounting for 90–95% of total skier visits, are estimated at \$191 million for 1996/97, or about \$45 per skier day. This compares to gross revenues of \$112 million (\$34 per skier day) in 1990/91. Mountain ski resorts provide 3,771 jobs (full-time equivalent) for British Columbians.

Lift ticket prices averaged \$37 in 1996/97. About 59,000 season passes were sold. Assuming that season pass holders ski an average of 16 times a season, this implies that one in five skiers at BC resorts were season pass holders.

A growing number of skiers are coming from outside the province



Source: BC Skiers in Profile, 1993–94 Ski Market Study, 1987

About a third of the skiers at BC resorts are from other parts of Canada (especially Alberta), or from other countries. The province is making gains in more distant markets, with skiers from overseas

accounting for 5% of the market in 1993/94, compared to just 2% ten years earlier. Most of the skiers from overseas visit resorts in the Coast (Lower Mainland) region, but they also ski in Thompson/Okanagan and the Kootenays. The US market has also expanded, increasing from 5% to 12%, with skiers from Washington accounting for over half (7%) of the total in 1993/94.

The market for ski resorts varies in different parts of the province. In the Coast region, 38% of skiers in 1993/94 were from outside BC. The bulk of non-resident skiers were from the US (18%), but 12% were from other provinces, and 8% from other countries. The Coast, Thompson/Okanagan (4%) and Kootenay (4%) regions were the only areas with a significant representation of skiers from overseas.

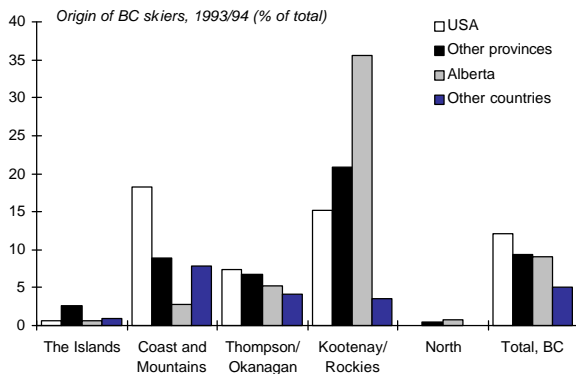
Resorts in the Kootenay/Rockies area are a popular destination for skiers from Alberta. In this region, skiers from Alberta (36%) outnumber British Columbians (25%). Kootenay/Rockies also attracts a large number of skiers from other provinces (21%) and the US (15%).

\$845 in 1996/97. The specialty skiing industry employed 506 (full-time equivalent) British Columbians. Most operations are in Kootenay, the Coast Mountains, and the northern parts of the province.

Eight out of ten skiers in this niche market are from the US, Europe and Japan. Thirty-nine percent of skiers are Americans, 33% come from Europe, and 10% from Japan. About 14% of the heli-skiers and cat skiers participating in this sport are Canadians from other provinces.

Does the future look bright for the skiing industry in BC? The evidence certainly seems to support that conclusion. During the last twenty years, the number of skier days at BC resorts has more than tripled and the province's share of the regional market has doubled. The strategies used so successfully to develop and promote the Whistler/Blackcomb resort are now being emulated by other resorts in North America (notably at Mont Tremblant in Quebec). Finally, the development of new resort areas, and planned improvements to existing ones, will enhance the desirability of the province's ski resorts. These, together with the emergence of related winter sports such as snowboarding, suggest that the demand for world class ski facilities in British Columbia is likely to remain strong

Markets for ski resorts vary significantly in different regions



Source: BC Skiers in Profile, 1993-94
Ski Market Study, 1987

Heli-skiing and snowcat operations have made significant advances during the last few years. Between 1990/91 and 1996/97, the number of skier days increased from 60,600 to 85,400. Industry revenues more than doubled, increasing from \$31 million to \$72 million, and average revenues per skier day rose from \$517 in 1990/91 to