Deep Bay Commercial and Tourism Market Analysis & Impact Study
Baynes Sound Investments

September 19th 2013
EXECUTIVE SUMMARY

G.P. Rollo & Associates, Land Economists (GPRA), have been retained by Baynes Sound Investments Ltd. (BSI) to provide background analysis requested by the Regional District of Nanaimo (RDN) regarding the Regional Growth Strategy (RGS) and Official Community Plan (OCP) amendment proposed for BSI’s Deep Bay site.

This study is intended to act as an addendum to the GPRAs previous study regarding the Deep Bay site (RDN Capacity Review & Deep Bay Impact Study). This study focuses on the impact the Deep Bay project might have on commercial space in the area as well as on the tourism sector, and specifically other RV Parks in Electoral Area H.

Commercial Analysis & Impact

The proposed commercial space on the BSI Deep Bay site is currently planned to include 10,000 square feet of space. Of this space, approximately 2,500 square feet are intended to be used as medical office space, leaving only 7,500 square feet of retail space.

A key factor in determining impact is the fact that BSI residents will be expected to support trade area businesses. BSI resident spending at trade area businesses, not including the BSI site, is forecasted to warrant 4,000 square feet of space by 2026. The amount of trade area resident spending expected to flow to the BSI site is expected to warrant 5,000 square feet of space. The difference between this flow of spending to and from the BSI site represents the forecasted impact of the development. This impact is forecasted to be between 3-4% at existing businesses; however this impact could be minimized with the potential for increased trade area spending recapture, increased visitor spending, and the potential that the BSI project could catalyze increased residential development in the trade area.

RV Park Analysis & Impact

The potential impact from an RV Park on the BSI Deep Bay site was primarily based on conversations with industry stakeholders, including many of the RV Park owners and operators within Electoral Area H.

While there were a few commentators that felt the proposed RV Park would negatively impact their business, the majority of those interviewed felt that there was enough demand, and sufficient potential for the new RV Park to differentiate itself from existing supply to limit any negative impacts.

The RVs that people are buying today are much larger and have a much higher demand for power than many RV Parks in Electoral Area H are capable of supplying. It is also reported that many RV users struggle to find a place to park in Electoral Area H during the peak summer months. With a modern RV Park at Deep Bay, Electoral Area H has the potential to become an increasingly popular hub for RV driving tourists.
## CONTENTS

EXECUTIVE SUMMARY ................................................................. 2  
CONTENTS .................................................................................. 3  
INTRODUCTION & BACKGROUND ............................................ 4  
ASSUMPTIONS & LIMITING CONDITIONS ............................ 5  
PROJECT OVERVIEW ............................................................. 6  
RETAIL ANALYSIS & IMPACT .................................................. 7  
TOURISM ANALYSIS & IMPACT .............................................. 17  
CONCLUSION ........................................................................... 25  
INTRODUCTION & BACKGROUND

This report is intended to be an addendum to the RDN Capacity Review & Deep Bay Impact Study completed by GPRA which looked at residential capacity and demand in the RDN as well as the potential impact of residential development on the Deep Bay projects on other areas within the RDN.

This addendum to that study is intended to cover the market demand and impact that the commercial and tourist (RV Park) components of the proposed Deep Bay project would have on other businesses within the RDN.
ASSUMPTIONS & LIMITING CONDITIONS

This Study is governed by the following assumptions and limiting conditions:

1) This study is intended to act as an addendum to the “RDN Capacity Review & Deep Bay Impact Study” which focused on the market demand and impact of the residential component of the proposed Deep Bay development.

2) The Census data and the Household Spending Survey were used to calculate demand for commercial space. There is no generally accepted source for data tracking growth of RV usage on Vancouver Island, so findings are based on conversations with industry stakeholders.
   
   i) All the major associations that support the RV industry admit that no one compiles good data measuring RV usage or RV Park occupancy. As a result, demand for RV Park and the potential impact of an RV Park is based on qualitative information. Data is used where it is available, such as RV sales, and RV ownership rates, but much of the information about the RV sector comes from conversations with industry stakeholders and RV Park owners and operators.

   ii) It should be noted that the build out population used in this report differs from the population used to determine the demands for the wastewater treatment facility. The wastewater calculations use a higher estimated onsite population of approximately 1,446. This higher number includes 100% occupancy of the RV Park as well as an allowance for visitors to the commercial space.

3) All statistical information provided in this study has been drawn from sources deemed to be reliable, for which we assume no responsibility, but which we believe to be correct.

This report is intended to be read in its entirety; individual sections should not be extracted or reproduced or in any way utilized independently of the complete report. If, for any reason, major changes should occur which influence the basic assumptions stated previously, the findings and recommendations contained in these analyses should be reviewed with such conditions in mind and revised if necessary.
PROJECT OVERVIEW

Project Context

Baynes Sound Investments Ltd. (BSI) is proposing to develop a multi-use project in Deep Bay, just north of Bowser, near the northern boundary of the Regional District of Nanaimo (RDN).

Figure 1: Location of Deep Bay Development in relation to Qualicum Beach

The Deep Bay Development site is located 26 km northwest of Qualicum Beach, the largest Town nearby. The city of Courtenay is 38 km to the northwest, while Nanaimo is 74 km to the southeast.

Figure 2: Location of Lots A & B of the proposed Deep Bay Development

The site straddles the E&N Railway, borders the Old Island Highway to the south, with frontage on Deep Bay to the west of site, and some existing Deep Bay developments to the east.
RETAIL ANALYSIS & IMPACT

Introduction

The Baynes Sound Investments Ltd. vision for their Deep Bay site includes a small commercial building to serve local residents and visitors to Deep Bay. The current plans for the site include a commercial space totaling 10,000 square feet, constructed and leased between 2019 and 2021.

The future tenant mix of the commercial space is has not been confirmed; however, BSI has already been in contact with a doctor working in the area who has expressed interest in leasing approximately 2,500 square feet. This study assumes that the retail mix will include 2,500 square feet of medical / dental office space, with the remaining ~7,500 sq.ft. filled by convenience oriented retail and service commercial.

Retail Trends & Principles

Retail activity, and particularly convenience-oriented retail activity, is primarily resident-driven. In this part of Vancouver Island, there is also a significant portion that is buttressed by seasonal tourism. The retail component of the BSI Deep Bay site will be planned as an area in which the retail and service businesses are primarily intended to serve the convenience needs of the on-site residents, plus seasonal visitors. The principle behind the demand calculations should be that any retail space planned for the BSI Deep Bay site should be significantly less than what the future residents (and visitors) can support. This way, most of the business activity generated by future residents and visitors at the site will flow to existing commercial areas in Bowser, Qualicum Beach and elsewhere.

Retail Demand Origins & Existing Businesses

Retail uses at the BSI Deep Bay site would rely on a combination of future on-site residents and visitors, residents living in nearby areas (Deep Bay, Bowser and surrounding area), plus inflow trade (e.g. passing highway traffic) in order to be successful. As the future retail would be convenience-oriented, GPRA has elected to limit the site’s retail trade area to a 10-minute drive time (see map below). This is consistent with both typical distances/times people will travel to access convenience goods and services, as well as the presence of nearly 32,000 square feet of existing convenience-type retail in Qualicum Bay, Bowser and Deep Bay.
The trade area’s population has grown from just under 1,600 residents in 2006 to 1,650 in 2011 and an estimated 1,678 in 2013.¹

The following table displays the existing retail space within the trade area, including Bowser, Qualicum Bay, and Deep Bay.

<table>
<thead>
<tr>
<th>Retail Inventory</th>
<th>Bowser, Qualicum Bay, Deep Bay Inventory (sq.ft.)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td></td>
</tr>
<tr>
<td>Convenience Goods &amp; Services</td>
<td>12,400</td>
</tr>
<tr>
<td>Comparison Goods</td>
<td>7,900</td>
</tr>
<tr>
<td>Food &amp; Beverage (pubs, restaurants)</td>
<td>9,950</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,000</td>
</tr>
<tr>
<td>Vacant</td>
<td>700</td>
</tr>
<tr>
<td>Total</td>
<td>31,950</td>
</tr>
</tbody>
</table>

**Grocery & Specialty Foods**

- The only grocery store in the trade area is Tomm’s Food Village at 6990 Island Highway West.
- It is assumed that beyond trade area resident spending, the grocery store also attracts spending from tourists and other pass-through traffic – particularly due to the high visibility highway location.

**Services**

- The services category is comprised of four inventoried businesses: a fitness centre, a skincare business, an alternative health centre, and a credit union.
- It has been anecdotally reported that there are a number of home-based service businesses in the trade area. Some local spending likely flows to these businesses.

**Alcohol & Tobacco**

- This category is comprised of two businesses: one liquor store located in Qualicum Bay and a second located in Bowser.
- A significant portion of spending is likely coming from tourists and those passing through the area on their way to other destinations up-island, down-island or on the Gulf Islands. There would also be a component of inflow spending from residents beyond the trade area, particularly to more ‘destination’ type establishments like Crown & Anchor in Qualicum Bay.

**Food & Beverage (pubs, restaurants)**

- This category is comprised of 5 inventoried businesses:
  - The Bean Counter (Bowser)
  - Road House Pub (Qualicum Bay)
  - Café Sandbar (Qualicum Bay)
  - Henry’s Kitchen Chinese (Qualicum Bay)
  - Ice Cream (Qualicum Bay)
- Restaurant/pub revenues are sourced from a combination of locals in the trade area, residents coming from communities nearby, tourists to the area, and tourists passing through the area.
Home Improvement

- This category is comprised of one business: Bowser Irly Bird Building Supply.
- Many locals likely drive down to Parksville or up to Courtenay/Comox to purchase home improvement items.
- It is likely that some percent of sales at this establishment are generated by builders and contractors, sales that would not be captured within household expenditure figures.

Home Furnishings & Accessories

- This category is comprised of two businesses small businesses in the Bowser area selling decorative and practical home items, many made in the local area.
- Much of the local spending likely flows to larger ‘big-box’ type furnishings/accessories establishments up and down island, the proportion of sales generated by the tourist market (and the levels of local spending leakage) are likely significant.

Toys, Hobbies, Pets & Gifts

- This “catch-all” category is comprised in this area by one business: Lighthouse Dollar & Gift Shop in Bowser.
- Given that this business is geared primarily to the tourism market, it is quite likely that there is a high volume of local spending leakage.

Past Findings & Core Assumptions

GPRA worked with Dialog to produce a study for the RDN that included a commercial demand analysis for all RVC’s in the RDN including Bowser and Deep Bay, dated January 2013.

In this report it was found that Bowser had sufficient demand (resident + visitor) to support the existing 20,500 square feet of retail space, and by 2036 it was estimated that an additional 1,000 to 2,000 square feet of retail space would be warranted based on Bowser’s population growth.

In the same study it was estimated that Deep Bay could support the existing 3,000 square feet of retail space, and by 2036 it was forecasted that an additional 2,000 to 3,000 square feet would be warranted.
At first blush, the additional 7,500 square feet of retail space (plus the 2,500 square feet of medical office space) in Deep Bay would appear to have negative impact on retail in Bowser. However, what these figures do not capture is the additional spending created by future residents of the proposed Deep Bay project.

It also must be kept in mind that numbers presented in this report are based on a project-specific trade area analysis, which will differ from the more general trade areas previously used for analyzing the future retail potential of Bowser and Deep Bay. In those studies, trade areas were focused on the immediate residents of each RVC. In this analysis, a trade area has been established which reflects the specifics of this particular project including its location, access, visibility and nearby competition.

Further, in the Dialog/GPRA study of January 2013, it was suggested that new retail development within Deep Bay would “likely” negatively impact sales in Bowser. This study takes a deeper look at those potential impacts.

**Demand Forecast**

Based on the most recent plans for the BSI Deep Bay site, it is assumed the project will include 386 residential units and 292 RV pads at build out. This project is expected to have a build out population of 975, which includes an assumed 35% capacity for the RV Park.

Inflow and tourist spending could be an important source of support for retail at the project. In this report, inflow is conservatively estimated to add an additional 10% of spending. This is a conservative assumption.

An important source of inflow spending is expected to come from visitors to the Centre for Shellfish Research. The success of the Centre of Shellfish Research as a facility for year round events could certainly push inflow spending at the BSI to higher levels than is predicted in this study.

Assuming the majority of the new retail on the Deep Bay site would be convenience oriented, it is projected that the residents from the Deep Bay site would support 3,600 square feet of retail and service commercial uses on the Deep Bay site by 2026. *(The project is assumed to be built out by 2026).* This would leave considerable retail expenditure potential to flow elsewhere.

Beyond demand from the onsite residents, the additional retail in Deep Bay will attract spending from residents of the local 10-minute drive time trade area. Once again using very conservative capture rates, the result is a forecast of demand from this area for an additional 5,000 square feet of space by 2026.
Overall, demand from on-site (residents and visitors) + trade area residents + a small inflow factor produces demand for approximately 8,600 square feet of retail space at the BSI Deep Bay site at build-out in 2026, and 8,700 square feet by 2031.

Table 2: BSI Deep Bay Site Retail Demand

<table>
<thead>
<tr>
<th>BSI Deep Bay Site Retail Demand (sq.ft.)</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand from On-Site + Inflow</td>
<td>400</td>
<td>2,400</td>
<td>3,600</td>
<td>3,600</td>
</tr>
<tr>
<td>Demand from 10-Minute trade area</td>
<td>4,800</td>
<td>4,900</td>
<td>5,000</td>
<td>5,100</td>
</tr>
<tr>
<td>Total Demand</td>
<td>5,200</td>
<td>7,300</td>
<td>8,600</td>
<td>8,700</td>
</tr>
</tbody>
</table>

At the time of writing, no proposed tenant mix for the BSI development’s retail component is known. The figure of 10,000 gross square feet has been discussed, which would be consistent with the demand projections above. Of this 10,000 square feet, up to 2,500 square feet may be allocated to medical uses. This would leave 7,500 square feet for convenience-oriented retail and service commercial.

Impact on Trade Area Businesses

Introduction

Developing approximately 10,000 square feet of commercial space could have some impact on trade area businesses. The extent of this impact is determined by a number of variables including:

- The extent to which the project can attract shoppers from outside the trade area (inflow sales);
- The extent to which the project will convince more trade area residents/visitors to do more of their shopping within the trade area (recapture of outflow sales);
- The potential of 2,500 square feet of retail space to be used for medical / dental uses which are not currently found in Bowser;
- Population growth and associated growth in the pool of retail dollars available for capture; and
- The eventual mix of space at the project.

Given that no proposed tenant mix is available, the impact analysis here relies on GPRA’s assessment of a reasonable mix of categories and those categories’ potential to capture future spending from on-site, from the trade area, and from inflow. To determine future population growth within the trade area aside from the BSI development, GPRA relies on Environics Analytics Estimates and Projections, 2013.
Impacts are calculated in terms of percent of dollar sales. If for example a tenant has 1,000 square feet and is doing $400,000 annual sales, this means that sales per square foot are $400. If the impact is 10%, this means that sales drop by $40,000 to $360,000 and sales per square foot is reduced to $360.

What BSI Development Brings to the Trade Area

The BSI Deep Bay development is expected to bring the equivalent of 975 new residents to the Deep Bay/Bowser/Qualicum Bay trade area at build out. As discussed above, the 10-minute drive time trade area around the BSI site has an estimated 2013 population of 1,678, expected to grow to 1,760 by 2026. Adding the effective BSI population to this would bring trade area population in 2026 to over 2,730, an increase of 78% over the ‘no BSI’ growth scenario.

In terms of retail expenditures, the gross retail expenditure within the 10-minute drive time trade area by 2026 would be increased by 73% if the population of the BSI Deep Bay site were included.

The BSI development will generate demand for approximately 33,000 gross square feet of retail space within categories that are currently present in the 10-minute drive time trade area. Only 3,600 square feet of this demand is expected to be captured on-site leaving over 30,000 square feet available for capture off-site.

BSI Support for Trade Area Businesses

As noted above, at build out the BSI development’s residents and visitors are expected to generate demand for 33,000 square feet of retail space within the categories currently present in the trade area. Of this, 30,000 square feet of warranted retail space would be available for capture by businesses outside of the BSI development.

GPRA believes that we can conservatively assumes spending from BSI site residents would support approximately 4,000 square feet of space in the trade area, of which the majority of spending would flow to Bowser. Qualicum Bay businesses could also expect to attract spending from BSI site residents.

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2 The estimate of population on the BSI site is based on an assumption of 35% occupancy of the RV Park. The average household sizes used for this estimate differs than those used for the wastewater forecast. The wastewater forecast assumes a larger average household size to be conservative.
Trade Area Support for BSI Businesses

On the other side of the ledger, we expect that current and future residents of the 10-minute trade area may direct some of their spending to new businesses at the BSI Development. While it is premature to conduct detailed impact calculations in the absence of a defined tenant mix for the proposed development, using conservative capture rates for categories currently present in the trade area, GPRA estimates that up to 5,000 square feet of trade area demand could be directed to the BSI site by 2026.

The figure below shows the expected flows of retail dollars to and from the BSI development in terms of how much space those dollars can support and where.

Figure 4: Potential Spending Flows To/From BSI Site at Build-out
Impact Calculations

If the BSI development occurs, it will likely be fully leased and operational by 2020. Even if we assume that all of its leasable space (aside from medical) is occupied by retail and service providers operating in categories that are competitive with businesses currently operating in the trade area, GPRA does not foresee a significant negative impact for the following reasons:

**There is significant growth in spending projected for the trade area, aside from the BSI Development.**

- Gross retail dollars within the trade area across competitive categories are projected to grow by 25% between 2013 and 2026.
- Within GPRA’s previous work for the RDN it was predicted that by 2036 an additional 1,000 to 2,000 square feet would be warranted in Bowser, 2,000 to 4,000 square feet would be warranted in Deep Bay, and an additional 2,000 square feet would be warranted in Qualicum Bay.
  - Overall, Bowser, Deep Bay, and Qualicum Bay are expected to see increased demand to warrant up to an additional 8,000 square feet of space by 2036, and this does not include growth from the BSI Deep Bay site.
- Total trade area spending captured by BSI would be half of the growth in spending projected for the next 13 years.
- It also possible that the BSI development could make undeveloped and underutilized lands in Bowser and Deep Bay more attract for development. If the BSI development acts as a catalyst for additional residential development within the trade area, retail demand will increase beyond the forecasts in this report.

**There is significant spending leakage out of the trade area today.**

- In categories that focus on serving the local resident population, such as grocery and personal services, there is evidence of high levels of leakage.
- Adding more businesses to the trade area will increase the critical mass of business, in turn helping to stem some of the outflow.
- The outflow spending recapture resulting from the BSI Deep Bay site development will reduce the overall impact of
the additional space. However, without knowing the retail categories or specific tenants of the new space, the increased captured sales would be difficult to estimate and have not been factored in to overall spending calculations.

**BSI will bring significant new spending to the trade area.**

- As discussed above, GPRA conservatively estimates that BSI will bring support for about 4,000 square feet of business in the trade area. If businesses in the trade area are competitive and attractive this figure could increase significantly.

There are a number of factors that could reduce the impact of commercial space on the BSI site in Deep Bay on existing commercial sites, including:

- Higher than forecasted inflow spending from tourists and visitors to the Centre for Shellfish Research;
- Increased spending recapture (i.e. trade area residents spending a higher percentage of their overall expenditures within the trade area) due to the increased supply and diversity of retail space;
- The potential that the BSI development will act as a catalyst for development in the area, increasing the trade area population beyond the current forecasts and thereby increasing demand for retail space.

If these potential positive factors do not occur, it is assumed that the impact of the BSI project on existing businesses would equal the amount of trade area spending flowing to the BSI site subtracted by the amount of spending from BSI residents flowing to trade area businesses not located on the BSI site.

Even without any of these positive inducements it is believed that spending from a built out BSI site residents will come close to offsetting spending flowing from trade area residents to the BSI site. In such a scenario without positive inducements occurring, sales volumes across trade area businesses would drop only 3-4% due to increased competition.

However if some of the positive factors did occur, such as increased trade area sales recapture, increased population growth in the area, and higher than forecasted inflow spending, there might be no negative impact on existing businesses as a result of the proposed Deep Bay development.
TOURISM ANALYSIS & IMPACT

Introduction

The Baynes Sound Investments Ltd. vision for their Deep Bay site includes an RV Park located to the south of the E&N Railway line and north of the old Island Highway. The RV Park in the Deep Bay project is planned to include 292 RV pads at build out.

The 292 RV pads have initially been planned to include 222 back-in lots and 70 pull-through lots that are capable of servicing larger RV's.

Based on conversations with BSI it is understood that the development of the RV Park is intended to be phased, starting with a much smaller number of pads and expanding the RV Park once the level and type of demand has been established.

At this time BSI believes the RV pads will be made available through a combination of rental to transient users as well as through lease or membership fees to allow regular visitors to reserve their pad for portions of the year.

BSI does not intend to have permanent residents at the site. It is expected that the length of stay at Deep Bay site would be limited to 180 days due to a similar by-law that controls permanent residents at most other RV Parks in the area.

Tourism Trends

Tourism is an important economic driver in the Regional District of Nanaimo, and specifically in the Parksville / Qualicum Beach area. In 2010 Destination BC estimates that Vancouver Island had over 3.7 million overnight visitors, who spent in excess of $1.4 billion. ³

As of May 2013, BC was reporting a 2.3% increase of international visitors from 2012, which does not include the 2013 summer months which broke records for sunshine. ⁴

The Parksville Qualicum Beach Tourism Association shared hotel occupancy data provided by PKF Consulting Inc. that indicates hotel occupancy in the area has increased to 46% in 2012, up from 44.5% in 2011 and close to the 47.1% occupancy from 2009.

³ Destination BC, Vancouver Island Regional Tourism Profile
⁴ Destination BC, International Visitor Arrivals
The average daily room rate for hotels in the Qualicum Beach / Parksville area has almost regained its level from 2009 when it averaged $129.92 per room before dropping to $126.61 in 2011 and increasing to $128.25 in 2012. The following table displays the hotel generated tax revenues provided by the Oceanside Tourism Association (which includes Parksville and Qualicum Beach). While the revenues from 2012 were down, anecdotally the numbers for 2013 are expected to be higher with the consistent weather through the summer.

![Figure 5: Oceanside Area Accommodation Tax Revenues](image)

Conversations with people involved in the tourism sector in the RDN indicated that the area is seeing increased investment to revitalize or redevelop properties. Some of the tourism infrastructure in the area is starting to age, and in order to attract ongoing visitation from tourists it is important that the region continues to attract investment.

**Recreational Vehicle (RV) Market**

Even with the economic slowdown the RV market as a whole has been reporting strong results, with the RV industry reporting sales increases annually since 2009. Within Canada, the sales of RV’s peaked in 2007, but the 2011 sales were slightly higher than sales in 2006. Overall, it is estimated that there are approximately 1.9 million RVs on the road in Canada.

Sales of RV’s in BC totaled over 358,500 in 2011, which represented almost 12% of the RV sales across Canada. Ownership of RVs in BC is higher than

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5 Economic Impact of the Canadian Recreational Vehicle Industry, Harris Decima, December 2012
the national average, with a reported 325,000 or 18.4% of BC households owning an RV, compared with 14.2% nationally. BC households with an RV average over 4 trips per year, which add up to over 1.3 million trips. Alberta, which is in driving distance of Vancouver Island, has the highest proportion of RV ownership, with 31% of households owning an RV.\(^6\)

In the U.S. sales of RVs have similarly rebounded with sales in 2012 increasing by over 13% from 2011 and reaching the highest annual sales since the recent peak of 2007.\(^7\)

Conversations with dealers and the BC RV Dealers Association indicate there were approximately 3,000 new units sold on Vancouver Island. Vancouver Island RV dealers suggest the local market is strong and growing referencing the popularity of RV based vacations.

Some of the reasons for growth in the RV industry include:

- A 2011 PKF Vacation Cost study showed that a family of four can save between 23% and 59% of vacation costs by travelling by RV. (A similar Canadian study indicated the savings of vacationing by RV can be up to 78%).
- It is estimated that fuel costs would have to over double to make RVing more expensive for a family of four to travel compared to other forms of travelling.
- Higher fuel prices do not stop people from RVing, but do keep RVers closer to home.
- Families with RVs spend more time close to home, with shorter trips becoming more realistic with increasingly complex family schedules.
- RVs are becoming increasingly capable and comfortable for travelling throughout the year.

RV Parks can be divided into three sub-categories, although some parks ‘rent’ pads in more than one method:

**Overnight RV** – Overnight RV Parks are open to any RV user and do not rely on memberships or leases, though most pads are reserved in advance. Overnight RV Parks are mainly oriented towards destination travelers. In the summer time when demand is highest these parks tend to often turn RVs away, especially those with specific requirements.

**Strata RV Park** – Strata RV Park operators sell or lease the RV pad lots, most often as a fractional ownership. Sales of pads allow the park

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\(^6\) Ibid

\(^7\) RV Industry Association, April 1 2013 Business Indicators
operator to more easily cover upfront operating costs and also provide the customer assurances of having a pad during the busy season.

Membership RV – Membership RV Parks are geared towards repeat seasonal tourists and allow priority bookings with no nightly fees to members. Membership parks are often part of larger affiliations that include a number of RV Parks around North America including Coast to Coast or Resort Parks International.

Current Inventory in Electoral Area H

The estimated inventory of RV Parks within the Oceanside area is provided in the table below:

**Table 3: Estimated Oceanside RV Park Inventory**

<table>
<thead>
<tr>
<th>Camp Ground</th>
<th>Closest Community</th>
<th>Estimated # of RV Pads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coombs Country Campground</td>
<td>Coombs</td>
<td>80</td>
</tr>
<tr>
<td>NanOOSE Creek Campground</td>
<td>Nанoose Bay</td>
<td>40</td>
</tr>
<tr>
<td>Deep Bay RV Park</td>
<td>Deep Bay</td>
<td>38</td>
</tr>
<tr>
<td>Ship &amp; Shore Campground &amp; Café</td>
<td>Deep Bay</td>
<td>16</td>
</tr>
<tr>
<td>Englishman River Falls Provincial Park</td>
<td>Errington</td>
<td>103</td>
</tr>
<tr>
<td>Tranquility Woods Estates</td>
<td>Errington</td>
<td>32</td>
</tr>
<tr>
<td>Big Tent RV Park &amp; Campground</td>
<td>Parksville</td>
<td>70</td>
</tr>
<tr>
<td>Paradise Sea-Side Resort</td>
<td>Parksville</td>
<td>30</td>
</tr>
<tr>
<td>Park Sands Beach Resort</td>
<td>Parksville</td>
<td>96</td>
</tr>
<tr>
<td>Parrys RV Park and Campground</td>
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<td>112</td>
</tr>
<tr>
<td>Riverbend Resort</td>
<td>Parksville</td>
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<tr>
<td>Surfside R.V. Resort</td>
<td>Parksville</td>
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<td>French Creek House Resort</td>
<td>Parksville</td>
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</tr>
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<td>Rathhtrevor Beach Provincial Park</td>
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<tr>
<td>Crown &amp; Anchor Campground</td>
<td>Qualicum Bay</td>
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<tr>
<td>Qualicum First Nations Camp Ground</td>
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<tr>
<td>Lighthouse Motel</td>
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<tr>
<td>Qualicum Bay Resort</td>
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<td>120</td>
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<tr>
<td>Spider Lake Springs Private Resort</td>
<td>Qualicum Beach</td>
<td>310</td>
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<tr>
<td>Cedar Grove RV Park &amp; Campground</td>
<td>Qualicum Beach</td>
<td>100</td>
</tr>
<tr>
<td>Errington RV Park</td>
<td>Qualicum Beach</td>
<td>65</td>
</tr>
<tr>
<td>Horne Lake Regional Park</td>
<td>Qualicum Beach</td>
<td>71</td>
</tr>
<tr>
<td>PineRidge RV Park &amp; Farm Market</td>
<td>Qualicum Beach</td>
<td>10</td>
</tr>
<tr>
<td>Riverside Resort Motel &amp; Campground</td>
<td>Qualicum Beach</td>
<td>45</td>
</tr>
<tr>
<td>Whiskey Creek Campground</td>
<td>Qualicum Beach</td>
<td>15</td>
</tr>
<tr>
<td>Qualicum Beach RV Park</td>
<td>Qualicum Beach</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,823</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** This list includes a compilation of data provided by the Oceanside Tourism Association, the BC Lodging and Camping Association, as well as from GPRA’s research.
This inventory is only an estimation of existing RV Parks, and is based on data provided by the Oceanside Tourism Association, the BC Lodging and Camping Association as well as by research completed by GPRA. It is possible that this list does not include some RV Parks located in Electoral Area H. It is also likely that the number of pads in each RV Park is incorrect, as it is understood that some RV Parks in the area have been expanding.

While there are at least 1,800 RV pads within Electoral Area H, it is estimated that there are at least 8,000 RV pads on Vancouver Island.\(^8\) This would imply that Oceanside area has approximately 22\% of the RV pads on Vancouver Island.\(^9\)

**Lost Inventory**

One of the major issues facing the RV industry is the closure of existing RV Parks for redevelopment. RV Parks are typically located in attractive locations in close proximity to natural attractions such as rivers, lakes, or the ocean. These properties often become more valuable to their owners as a residential redevelopment rather than continuing as an RV Park.

The Okanagan Valley, the Caribou and the Lower Mainland are the areas in BC that have seen the largest about of RV Park closers, but the RDN and the Oceanside area specifically have seen RV Parks close down due to redevelopment.

According to a report produced by the Province of BC in 2008, from 2005 to 2008 there were four RV Parks that closed in Oceanside. These four RV Parks included a reported 243 RV pads.

During conversations with existing owners and operators of RV Parks in Oceanside, there were a few comments that ultimately the owners of the business were looking towards developing the site.

**Inputs from RV Park Owners, Manager, and Stakeholders**

As there are few statistics that accurately track the occupancy of RV Parks, informal conversations were held with RV Park operators within Electoral Area H and the Oceanside area, as well as with important industry

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\(^9\) The inventory of RV pads on Vancouver Island would not include private RV resorts, which would increase the overall number and reduce the proportion of RV pads in Oceanside.
stakeholders including the RV Dealers Association of BC and of Canada, the BC Lodging and Campgrounds Association, the Oceanside Tourism Association, and prominent RV dealers on Vancouver Island. During this process approximately 25 people were interviewed.

The comments from RV stakeholders have been organized by category:

**Thoughts on Demand:**

There were two people who felt demand was slowing, but the majority of those interviewed felt demand was growing for RV Parks on Vancouver Island. Other comments on demand include:

- A large proportion of demand seems to come from residents of Vancouver Island.
- American visitors were down since the economic slowdown, but are still an important source of demand.
- Europeans renting RVs, often in Alberta and travelling across BC, are another important source of business.
- The increasing price of the ferries is seen as reducing traffic from the U.S., from the rest of BC, and to a lesser degree Albertans and Europeans.
  - However the high price of ferries makes it more likely that an RV owner from Vancouver Island will stay on the Island for their trips.
  - It was commented that the floods in Alberta kept some regular customers from visiting in 2013.
- July and August are by far the busiest months in the area, and during these months many parks operate at capacity. The shoulder seasons are when park operators focus their marketing to attract more visitors. Many of the RV Parks close for the winter, while those that stay open try to attract people from the prairies looking to spend the winter in a warmer climate.
  - ‘Snowbirds’ from the prairies spending their winter on Vancouver Island were commonly referred to as the primary source of demand in the winter; however, it is unclear how large demand is from this demographic.
  - Modern RVs are apparently making it more comfortable to travel during the winter with their improved heating capacity.
- Many RV Parks commented that the majority of their business is from repeat clients who visit their park year after year. Familiarity is extremely important for RV users, and it was suggested that once an RV user is comfortable with a park it is very unlikely they would try another RV Park in the area.
RV Park Servicing / Amenities:

There were a number of comments that referred to the ability of a new RV Park to differentiate it based on the servicing and amenities it provided.

- RV Parks seem to self-select on whether they cater to adults and seniors or families. Providing a playground and areas for children to play will help attract families. RV Parks without these types of amenities focus on the adult and senior markets.
- Many of the RV pads in Electoral Area H and the Oceanside area cannot properly serve RVs built after 2000. New RV’s are constantly becoming larger and have higher energy requirements. Older RV Parks often have pads that are too small for new RVs, and do not have enough power in their hookups for these RVs to operate all their appliances including air conditioning, heating, kitchen appliances, and entertainment systems.
  - A new RV Park that was able to provide 50 Watt connections would attract visitors with newer RVs. Apparently the newest RVs require 100 Watt hookups, which should be considered in any new park for differentiation purposes.
  - Multiple RV Park owners mentioned they often have to send visitors away who had larger RVs.
- The ability to connect the RV Park to a sewage system was reported to be a big attraction. It is understood that the proposed Deep Bay RV Park would be connected to its planned wastewater treatment facility.

Comments on the Framework of a New RV Park:

A few of the people interviewed commented and / or had questions on what rental / ownership model the proposed new RV Park would be. There were comments on how demand existed for a permanent mobile home park, however, it is understood that BSI does not intend to have permanent residents in the RV Park. Other comments included:

- It was commented by some that there might be demand for some sites to be included in a time share / ownership structure. Under this model the RV Pads would be owned by the users, and thereby have their spots reserved for whenever they wanted to use them.
- The majority of RV Pads in the area operate on a transient rental model.
- Based on conversations with BSI is it believed that the proposed RV Park will include a mix of both pure rental RV
pads, as well as providing users the potential to purchase ownership/membership in a pad.

**Thoughts on the proposed Deep Bay RV Park:**

The majority of people interviewed did not have an issue with the proposed Deep Bay RV Park, with only two interviewees believing it would hurt business of existing RV Parks.

- Some of those interviewed who supported the new RV Park referenced the need for the new park to differentiate itself, especially through offering high quality services.
  - It was commented that an RV Park with modern services would help promote the Electoral H Area as an RV destination.
- Many of those interviewed suggested that waterfront and water views are extremely important for an RV Park, especially for attracting families. Without immediate access to waterfront it was felt the Deep Bay RV Park might need to provide additional services, including a potentially a playground and waterpark.
- Those that did not support the Deep Bay RV Park felt that demand in the area was thin, and that a new RV Park had the potential to impact their business.
- A few of those interviewed, including those that did not oppose the project, felt the maximum size of the Deep Bay Park, reported to be 292 pads, was too big. Those with concerns over the size of the project were usually satisfied to learn that the developer intends to phase the project and only add additional pads once demand was established.
CONCLUSION

Baynes Sound Investments commissioned GPRA to provide analysis of the market potential and impact that the RV Park and commercial component of the development will have on the Regional District of Nanaimo and more specifically the Oceanside area from an RV perspective and Electoral Area H from a commercial perspective.

This study is intended to act as an addendum to the “RDN Capacity Review & Deep Bay Impact Study” which focused on the residential market.

Ultimately it was found that the proposed Deep Bay project would have limited impact on existing commercial or RV Park businesses in Oceanside and Electoral Area H.

It was found that the commercial component of the proposed project could be supported by the new onsite population, inflow and other trade area residents without having a significant impact on existing retails over the long-term. It is estimated that the amount of spending that Deep Bay site residents will spend at other businesses in the local area is almost equal to the total amount of spending the BSI site will attract from offsite trade area residents.

Like the commercial component, it was found that the new RV Park would not likely negatively impact existing businesses. However, it should be noted that there is not consistent data tracking the performance of RV Parks in the area. Without dependable data sources, the RV Park analysis relied more heavily on conversations with existing businesses and stakeholders within Oceanside.

Based on these conversations it is believed that a phased development of the planned RV Park at the Deep Bay site would be able to be sufficiently differentiated from existing RV Parks to minimize the impact on other RV Parks in the area.