

# Market growth encouraging ski resort development in the Kootenays

A new ski resort is planned for the Kootenays, in the Jumbo Creek Valley, roughly 35 kilometres west of Panorama Mountain Village. Jumbo Glacier Resort is proposed to offer year-round skiing on high alpine glaciers. The ski industry is a story of struggles for survival as well as of successes, and many ski areas in the US and Canada have had their share of both. Understandably, concerns over market share often arise when a ski area expansion or a new resort is planned.

American statistics in the 1980's and 1990's seemed to indicate a levelling off or a decline in the industry. Recent fears of declining travel patterns have heightened concerns. But like every industry, there are many ups and downs, and many aspects of current trends are fuelling renewed optimism and planning for growth.

The state of Colorado, an industry leader, has seen many problems develop, but has also seen that newer and better facilities are leading in the recovery. In Vail, Colorado, the *Vail Daily*<sup>1</sup> reported that for the first quarter of 2004, sales tax, building permits and commercial air passengers all showed growth over the previous year, and "the ski company also reported that there were more destination skiers at its resorts than in previous seasons." Passenger traffic at Eagle County Regional Airport was up 12 percent for the winter, building permits were up 12 percent and sales tax received by the county "jumped 18 percent to [US] \$1.075 million." New construction and redevelopment amounting to \$1 billion, including an improved airport, will be launched this summer.

The optimism of Colorado's industry leaders, including Beaver Creek and Telluride, which continued to expand even when other areas were not growing, may be well founded, and will lead the rebirth of the other areas. Shifting demographics in the skier market is also fuelling this optimism. According to *Pique*

*Newsmagazine*,<sup>2</sup> "Among ski area managers across the United States a new jauntiness is evident. After sputtering for two decades, the industry is finally growing once again. For ski areas, it's not just a matter of stealing market share from one another. The pie of customers has actually been getting bigger, the first time since baby boomers came of age 25 years ago." The reason for this is that "the 78 million baby boomers, who are now aged 40 to 58, are lingering on the slopes longer than expected." They are healthier, wealthier, and have more leisure time than any other previous generation, and combined with improving technology and equipment such as shaped skis, they are expected to stay on the slopes for years to come. This is coupled with the fact that "Echo boomers, aged 21 and younger, are now dancing onto centre stage, about 71 million strong, providing nearly as much demographic punch as the original boomers."

The result has been that in the past three years both Canada and the U.S. have seen record skier numbers. Despite terrorism, two wars, an unsteady American economy, and concern over SARS, "the U.S. ski industry had three of its four busiest ski seasons ever, the first prolonged growth since numbers began flattening in 1979." In 2001, the national tally leaped to 57.3 million skier visits from a previous high of 54 million skier visits – a record that had stood for almost a decade. In Canada, "more than 18.5 million skier visits were recorded in each of the last three winters – an increase of nearly 1.2 million skier visits over the previous record." Last year, the numbers jumped again to a record 57.6 million skier visits in the U.S. and a record 18.9 million skier visits in Canada. The *Pique* article quotes Michael Berry, President of the National Ski Area Association: "We would expect this growth to continue for 5 to 10 years – that's what the demographic data are telling us. They're doing so well that at times – during school vacations, holidays – there's a capacity

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<sup>1</sup> April 18, 2004 – Business breeds economic optimism, *Vail Daily* – Cliff Thompson

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<sup>2</sup> April 9, 2004 – Demographics finally favouring ski industry, *Pique Newsmagazine* – Allen Best

problem." David Barry, Senior Vice President of Intrawest Colorado is quoted as saying: "There are going to be shifts and changes, but I believe that the sport is healthy and the sport is evolving and the future is bright."

British Columbia is uniquely poised to take advantage of the evolving future of skiing. The province's growth trends have beaten American and Canadian statistics consistently over the last twenty-five years. Skier visits have grown from less than a million per year to more than six million per year. Much of its success is due to continued investment in the ski industry. The Whistler Blackcomb story is well known, but if we look closer to home, we see repeated success stories. Following renewed investment, Fernie's skier visits exploded from 105,000 to more than 300,000 in just three years. In recent years, Kimberley and Panorama have seen continuous expansion and development. Kicking Horse Mountain Resort, only four years old, has won rave reviews worldwide and continues to grow.

According to the Ministry of Small Business and Economic Development, the Kootenay region has grown from 625,732 skier visits in 1993/94 to 996,345 skier visits in the 2001/02 season. 2003/04 was a record year for Kootenay ski resorts. In a press release dated April 21, 2004, the Minister of State Responsible for Resort Development, Sandy Santori is quoted as saying: "As it sits right now, some 1,466,000 skiers visited Kootenay ski resorts this year, up more than 100,000 from the previous year." Jim Greene, General Manager for Red Mountain Resorts is quoted: "We're winding up a great year with 110,000 skier visits, up 18% over last year. We are feeling very positive about the direction the B.C. ski industry is moving."

Which brings us to the question, will the new ski resort planned for the Jumbo Creek Valley need to take away skiers from nearby ski resorts in order to establish itself? Perhaps the shortest and most telling answer comes from the industry leader, Intrawest, owner and operator of Panorama Mountain Village, 35 kilometres away from the proposed new resort. Discussions between the consultants for Jumbo Glacier Resort and representatives of Panorama and Intrawest have been on going since the early nineties. Intrawest has expressed the view that Jumbo Glacier Resort as is currently proposed would expand the market for Panorama. According to Dave Brownlie, Senior Vice President, Finance of Whistler Blackcomb and Panorama, "based on the facts of the Jumbo Glacier Resort proposal to date, we recognize it is a unique proposal in the North American ski industry that could work well with Panorama." Perhaps this is not so surprising considering the company's industry experience, particularly at Whistler Blackcomb. When Blackcomb was initiated there were fears that it would take away market share from Whistler Mountain. This obviously did not occur and instead Whistler Blackcomb has grown to be the leading resort in North America, and can take a large amount of credit for making B.C. known as a winter destination throughout the world.

Likewise the birth of Kicking Horse Mountain Resort did not impact the skier numbers at Panorama, instead, it brought added exposure to the region including a feature spread in the *New York Times*. Many believe that Jumbo Glacier Resort, with its unique vistas, glaciers and year-round skiing will only amplify that exposure, expanding the notion of the Kootenays as a ski destination to everyone's benefit.

- Grant Costello