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CALGARY-BANFF RAIL ON TRACK FOR ECONOMIC GROWTH

The recently-released study on Calgary-Bow Valley Mass Transit suggests a bus or passenger rail transit service between Calgary and Banff National Park would be feasible. This study was commissioned by the towns of Banff, Canmore and Cochrane, as well as the City of Calgary and Improvement District 9.

The study, conducted by CPCS, examined mass transit to reduce vehicle congestion along the Bow Valley Corridor and in the national park. It posed two potential options for the future of transportation between Calgary and Banff National Park — a bus service and a passenger rail service.

Moving forward with a rail service and taking study assumptions that the passenger rail link will have completed construction and be operational by year 2027, Calgary Economic Development analyzed the impact of this passenger rail on Calgary's Economy for the year 2027. The analysis uses a conservative approach that accounts only for Banff visitors that stay overnight in Calgary – and does not take into consideration visitors passing by Calgary on their way to Banff National Park.

Banff visitors - current snapshot

In 2016, there were 3.8 million visitors to Banff National Park, of which **840,000 visitors** (or 22 per cent) stayed overnight in Calgary¹. Based on 2016 data from Tourism Industry Association of Canada and the composition of visitor origin, an average overnight visitor in Canada spends on average \$1000 per trip in Calgary². For 2016, the visitors and average spending figures estimate around **\$840 million** in total spending by visitors who stay overnight in Calgary while visiting Banff National Park – which is approximately 52 per cent of total visitor spending in Calgary in 2016.

¹ This Calgary share is conservative percentage that exclude the non-Calgary residents of the following categories:

- visitors driving through Calgary without staying in Calgary
- visitors traveling to Banff straight from Calgary Airport without staying in Calgary
- visitors staying in Cochrane
- visitors staying elsewhere

² Created by the composition of visitor origin in 2016, the 2016 Average spending per overnight visitor in Calgary is \$1,002. This is retrieved from 2016 Annual Report on Canadian Tourism by TIAC and is the combined average of domestic visitors (\$146), US visitors (\$613), and Overseas visitors (\$1,651).

2027 forecast – without mass transit service

Calgary share of visitors continues to grow as Banff continues to grow as a preferred destination for tourists all over the globe. Destination Canada approximates that Canadian visitor spending will increase by 2 per cent, per year, on average. Considering these annual visitor growth rates and visitor spending increases, we estimate that more than **1.03 million** Banff visitors will stay overnight in Calgary in the year 2027. Without the inclusion of a rail service, our analysis concludes that 2027 spending of overnight Calgary visitors that travel to Banff will be **\$1.28 billion** in constant prices – an average visitor spending of \$1,250.

2027 forecast – economic pie³ with mass transit service



*calculations based on moderate induced demand and moderate Calgary share of Banff visitors.

We assume that the rail service will impact Calgary' economy in two ways:

1. By growing the economic pie. A rail service will upsurge overall visitation through induced trips – which results from visitors who would now come to Banff National Park just because a mass transit service exists.
2. By increasing Calgary's share of the economic pie. A rail service will grow Calgary's share of Banff visitors - which results from displacement that would occur by existing overnight visitors to Banff who would now stay overnight in Calgary.

³ Economic pie here refers to as the total dollar value impact generated by increased visitation.

We analyzed conservative, moderate, and optimistic scenarios to calculate the growth in Calgary’s spending share and induced demand for 2027 in the table below.

As an example, with a moderate growth of 5 per cent in induced trips, should Calgary to Banff passenger rail service increase the number of visitors to Banff who stay overnight in Calgary from 22 per cent to 45 per cent by 2027, tourism spending in Calgary from visitors whose primary destination is Banff will increase from approximately \$1.3 billion/year to \$2.7 billion – a jump of more than \$1 billion/year.

			Total Spending by Share of Calgary Visitors			
			Ceteris Paribus	Conservative	Moderate	Optimistic
			22%	35%	45%	55%
2027 Induced Demand	Ceteris Paribus	0%	\$ 1.27 M	\$2.03M	\$2.61M	\$3.18M
	Conservative	2.5%	\$ 1.31M	\$2.10M	\$2.67M	\$3.26M
	Moderate	5%	\$ 1.34M	\$2.13M	\$2.74M	\$3.34M
	Optimistic	10%	\$ 1.41M	\$2.23M	\$2.87M	\$3.59M

Calgary can be more than a doorway to the Rocky Mountains. The results from this analysis emphasize that a mass transit system will accelerate urbanization and connectivity in Calgary and expand and enhance tourism, cultural and recreational assets. It will attract, enhance, and promote the Calgary experience, and brand Calgary as the Ultimate Host City.

Assumptions and restrictions

Calgary Economic Development's internal analysis is an abstraction that attempts to accurately capture and estimate the most significant impacts to the real-life Calgary economy caused by Calgary to Banff passenger rail service.

This analysis is subject to limitations both in concept and implementation. It assumes that the structure of the economy remains unchanged. The analysis also does not account for capacity constraints. This implies that an increase in number of Calgary overnight visitors results in an increase in supply of accommodation, restaurants, local transportation, and other sources of tourist spending.

While our analysis provides a consistent and intuitive way of measuring the economic effects on Calgary, the results should be regarded merely as approximations.

For more information on the economic impact of the Calgary to Banff passenger rail service contact:

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About Calgary Economic Development

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