



# Nordic Spa



## RETREAT

### OVERVIEW


The Nordic Spa opportunity is built on the current demand for immersive spa experiences and a gap in the marketplace in Camrose for upscale accommodations and food and beverage services. It also has the added attraction of including the real, Camrose Nordic settler history as part of the spa narrative. The experience would include upscale rooms in a boutique hotel, with quality high-end food and beverage offerings and a Nordic Spa.

### LOCATION

The infrastructure proposed includes 40 upscale rooms, a restaurant, lounge, and Nordic spa facilities.

### INITIAL CAPITAL "D" INVESTMENT

\$15,236,853



## Market Opportunity

During the months of July through October 2024, the city of Camrose held a series of engagement sessions with tourism and business sector stakeholders to determine what the most obvious business opportunities within the city currently are. Part of that exercise was trying to determine what the brand of Camrose is and how it is perceived in the marketplace. The overwhelming consensus is that Camrose is seen as a destination that combines city sophistication with the rural ambience of a quintessential Albertan country town. Once one is removed from the more metropolitan feel of downtown, Camrose exudes the serenity of a pastoral, family-oriented farming community and this provides the perfect backdrop for a spa experience.

As a result of the research into new Camrose tourism opportunities, over 30 potential businesses were subjected to an evaluation matrix that utilized over 30 criteria to determine which businesses would likely be successful. These criteria ranged from market demand to the competitive landscape, operational challenges, the amount of required capital and the projected return on that capital that was invested. At the end of this process a new destination spa experience was ranked #3 out of all the business opportunities that were identified.

This high priority was given in part because of the potential uniqueness of a Camrose Scandinavian Spa (CSS) and the lack of any truly competitive comparators in Edmonton and area. If one googles "Edmonton Spas" just over one hundred businesses will be shown. All are either day spas, registered massage therapists or massage parlours. There appear to be no destination spas at all.

The majority of destination spas are attached to well-known resorts in national parks or casinos that are located a significant distance from Edmonton. It should be noted that the overwhelming number of these spas are really day-spas imbedded in a much larger resort/casino. These spas are not well differentiated, offering many of the same types of treatments. The best known are:

- Fairmont Lake Louise, Banff National Park
- Fairmont Banff Springs, Banff National Park

- Fairmont Jasper Park Lodge, Jasper National Park
- Bayshore Inn & Spa Waterton Park, Waterton National Park
- Medicine Hat Lodge Resort and Spa, Medicine Hat
- Deerfoot Inn and Casino, Calgary
- Kananaskis Mountain Lodge, Kananaskis
- Sunsets Resorts Spa and Casino, Canmore

There is one spa property that does deserve special mention and that is the Village Creek Country Inn located in Westeros Alberta. It deserves this attention because a) it is located an hour away from Camrose b) it is marketed as a "Country Inn" which fits the Camrose tourism brand and c) it is part of a larger destination – The Village at Pigeon Lake.

The village is a four-season development that includes multiple restaurant/retail options as well as the Country Inn which is a 35-room hotel that also has a few treatment rooms in the "spa". This offering should not be confused with a fully branded, unique destination spa such as the one being recommended for Camrose. That said, the small spa services located in the Village should still be examined closely to ensure that the Camrose experience is a very different experience. The opportunity to differentiate Camrose from a product like the Country Inn is to channel the Scandinavian history of its settlers into a wellness/spa program that combines classic Nordic spa treatments, in particular cold/heat water therapies and provides both high-end food and beverage service with high-end accommodation. High-end F&B and boutique, tourism facing accommodation were identified several times by stakeholders as a gap in Camrose's current tourism offerings. As such the reality is that à la carte meals and guests wanting to simply book a room will contribute to the revenues of the spa in a significant way as well as those coming for a complete wellness package.

## The Experience

Based upon the market demand, gaps and segments already identified in this document, the following are the initial experiences and corresponding, required infrastructure recommended for the execution of a successful spa business based in the Camrose region. It is recommended that the spa includes high-end food and beverage service as well as boutique accommodation.

The Nordic Spa opportunity is built on the current demand for immersive spa experiences and a gap in the marketplace in Camrose for upscale accommodations and food and beverage services. It also has the added attraction of including the real, Camrose Nordic settler history as part of the spa narrative. The experience would include upscale rooms in a boutique hotel, with quality high-end food and beverage offerings and a Nordic Spa.

Because of the lack of higher-end accommodation in Camrose, this offering should also be very attractive to other Albertans and long-haul visitors who are visiting the region and enjoying other activities.

Guests will ground themselves while journeying through cycles of Scandinavian hot, cold and relaxation installations in a completely immersive exploration of mind and body.

In the first phase, guests sweat it out in **traditional saunas or steam baths**. That's followed by a plunge into a **cold pool**, said to increase circulation. Finally, guests rest. This process is repeated as desired. Guests can also begin in an aromatic steam sauna and save the outdoor pools for later circuits.

According to The Orthopedic Institute, this aquatic therapy circuit has several proven health benefits. These include accelerated healing, reduced pain, improved mood, skin rejuvenation, immune system boost, and more. If guests are not brave enough to hit the cold plunge pool and even colder ice waterfall, then they can choose the warm and lovely soaking pool instead. In addition to poolside seats and hammocks, they'll find semi-private relaxation gazebos designed with a Scandinavian theme.

Massage therapy with a skilled practitioner heightens the benefits of your included thermal therapy experience. Registered massage therapists and massage technicians offer treatments ranging from a gentle and soothing Swedish Massage to the firmer and more therapeutic options of restorative and deep tissue to prepare the body for sport or outdoor activities.

Other Scandinavian-inspired treatments will be available as part of a package or a-la-carte offerings.

Guests can finish the day with a **four-star meal** (north American and Scandinavian cuisine) in the restaurant or a Nordic themed cocktail in the lounge. The infrastructure proposed includes 40 upscale rooms, a restaurant, lounge and Nordic spa facilities.

The 600 square foot upscale rooms include pillow-top queen or king beds, LED TV, sitting areas and rain-style showers in the heated floor ensuite. Enjoy an aspirational fine dining experience in the 120-seat dining room with the opportunity to taste of all the best Scandinavian and Canadian cuisine. The 40-seat intimate lounge and dining room are decorated with the Scandinavian theme found throughout the facility.



# Financial Projections

## THE SEASON

The financial projections assume a 365-day season for the Nordic Spa and associated services.

## OPERATING CAPACITY/OCCUPANCY

For the purpose of forecasting sales, the capacity of the proposed operation has been identified. Each of the revenue components has projections based on a conservative sales forecast in terms of occupancy and capacity. Each revenue component starts at a different occupancy or sales level based on market demand and capacity of the experience. Occupancy and sales levels have been set on a monthly basis for the first year and projected for the remaining four years.

- Capacity for the Nordic Spa is set at 40 rooms for accommodation; 4 treatment rooms operating 12 sessions per day; 120-seat dining room; 40-seat lounge.
- Rooms Blended Occupancy: Year One 45.8%; Year Two 55.8%; Year Three 65.8%; Year Four 70.8%; Year Five 75.8%.
- Spa Treatment Sales: Year One 55%; Year Two 65%; Year Three 75%; Year Four 80%; Year Five 85%.
- Food & Beverage is estimated at 60% of the projected room capacity having two meals per day in the restaurant plus another 15% of this estimate to project the number of "walk-in" diners not staying in the spa

## RATES

It should be noted that the rates used for projections are comparable or lower to what are currently charged for similar offerings. There has been no increase in rates for the full five years of financial projections.

## CONSERVATIVE PROJECTIONS

A conservative approach to the financial projections has been utilized, including:

- Growth has been projected at 10% for years 2 and 3; 5% per year for years 4 and 5;
- Operating expenses have been projected to increase 5% annually;
- Bank/credit card charges of 3% on all revenues have been assessed;
- Generous salaries and wages have been projected and staffing numbers have increased as sales increase.

## Examples

### TOP RATED SPAS

- [Scandinave Spa](#), Whistler, BC
- [Kananaskis Pomeroy Lodge](#), Kananaskis, AB
- [Wildwood Nordic Spa](#), Canmore, AB (opening 2025)
- [Clear Nordic Spa](#), Calgary, AB (opening soon, semi-private wellness club, minimalist approach)

## CAPITAL COSTS

Guest Accommodations	Number	Cost per unit	Total
Upscale Rooms (2021 Canadian Median Cost, includes land, room FFE, kitchen/dining, common areas and all soft costs) plus 12.74% increase for inflation using Bank of Canada Inflation Calculator.	40	\$ 220,195	\$ 220,195
<b>Supporting Infrastructure &amp; Equipment</b>			
Parking/Access (100 car)	1	\$ 200,000	\$ 200,000
Luxury Van	1	\$ 190,000	\$ 190,000
Spa Facility (50% of Room Build)	50%	\$ 8,807,790	\$ 4,403,895
<b>Soft Costs</b>			
Pre-Opening Marketing	1	\$ 250,000	\$ 250,000
10% Contingency			\$ 1,385,168
<b>Class "D" Capital Budget Estimate Total</b>			<b>\$ 15,236,853</b>