

Tourism Room Revenue ♦ March 1998

Highlights

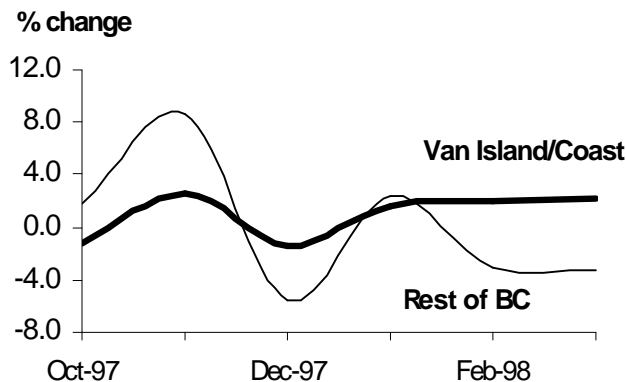
The Province

- British Columbia room revenue decreased 2.4% to \$97.2 million in March. Total first quarter revenue was down 1.0% from the fourth quarter 1997.

In the Regions

- Mainland/Southwest (-4.9%) accounted for almost 97% of the overall revenue decline in March. While this was the second consecutive monthly decline for the region, total revenue (\$51.8 million) reached the lowest level since March 1997.
- Vancouver Island/Coast (+2.2%) was the only region that recorded an increase in revenue. This marked the third consecutive increase for the region, and the highest revenue recorded (\$17.9 million).

Vancouver Island/Coast revenue steady



The Accommodation Types

- While revenues for the largest hotels (250 or more rooms) increased (+4.6%), all other hotel properties combined accounted for three quarters of the total BC revenue decline. This was the first recorded decrease since September 1997 for hotels with 76 to 149 rooms (-8.9%), and since October 1997 for hotels with 75 or less rooms (-4.8%).
- Vacation rentals dipped 8.7%, reversing the gain in the previous month. However, total vacation rental revenue for the first three months rose 26.8% from the same period in 1997.

Text Table 1. Room Revenue Summary

Accommodation Type			
	Mar. 98 (\$000)	Feb. 98 (\$000)	% change
Total	97,238	99,593	- 2.4
Hotels	68,652	70,530	- 2.7
Motels	14,062	14,726	- 4.5
Other Acc.	11,191	12,078	- 7.3
Regions (Top 3)			
Van. Island/Coast	17,976	17,596	+ 2.2
Thompson/ Okanagan	12,985	13,272	- 2.2
Cariboo	3,857	3,999	- 3.5

* **Note:** all data reported in Highlights are seasonally adjusted using a statistical technique that removes normal seasonal fluctuations in the data. All comparisons are to the month previous except where noted.

Room Revenue Trends

British Columbia unadjusted room revenue advanced 1.6% in March compared to March 1997. Revenue for the first three months rose 5.6% from last year.

Majority of regions advance

Northeast (+15.1%), fuelled by oil & gas development, and Vancouver Island/Coast (+9.2%), led the way in the regions. Revenues increased in five of eight development regions, accounting for just under 40% of total BC revenue in March.

Lower Mainland impacts total revenue

Mainland/Southwest (-1.0%) recorded the smallest decrease with the greatest impact. The region generated almost 60% of total BC room revenue in March. Mainland/Southwest hotels contributed 70% of total hotel revenue, and one third of vacation rental revenue in BC.

While Mainland/Southwest hotel revenue increased slightly (+0.4%), vacation rental revenue plunged 20.5%. Richmond (-16.7%) and Vancouver (-1.5%) hotels outside the downtown core accounted for most of the revenue drop. It may be that hotels in these areas were affected by the decrease in overseas visitors in March. Room occupancy rates were also down for Richmond (Airport) (-8.8%), and Other Vancouver (-4.0%) hotels.

Whistler, Easter, Prince Charles & his sons

Whistler room revenue slipped 15.3% in March, the most significant decline since May 1996. Vacation rentals in Whistler dropped 22.0%. Some of the reduction for Whistler and the Lower Mainland may be attributed to the timing of Easter (April 1998 vs. March 1997).

However, the short term effects of the visit by Prince Charles and his sons cannot be discounted. Many potential visitors may have been deterred by the magnitude of the event and chosen to vacation elsewhere. Occupancy rates in Whistler (75.5%) were down

from March 1997 (88.7%). For the long term, however, the Royal visit will likely reinforce Whistler's position as an international destination.

Text Table 2. BC Tourism Indicators

	Change from Mar. 97	Total Mar 98
Hotel Industry		
Occupancy rate	- 1.8%	62.5%
Average room charge <i>(Pannell Kerr Forster)</i>	+ 6.5%	\$101.56
Passenger Traffic (%) (000s)		
Vancouver International Airport		
Total traffic	+ 4.4	1,135.7
US	+ 10.6	337.4
Other international	+ 4.5	247.0
Canada <i>(YVR)</i>	+ 1.7	625.7
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	+ 11.1	102.0
Transportation (%) (000s)		
Coquihalla Highway		
Passenger vehicles <i>(Ministry of Transportation & Highways)</i>	- 6.3	153.3
BC Ferries		
Vehicle volume	- 6.3	593.0
Passenger volume <i>(BC Ferries)</i>	-8.0	1,548.0
Exchange Rates chg (\$) Cdn \$		
<i>(Average Noon spot rate monthly)</i>		
US \$	-0.023	1.416
UK Pound	+0.001	2.354
Japanese Yen	0.000	0.011
Australian \$ <i>(Statistics Canada)</i>	-0.018	0.949

*All references in **Room Revenue Trends** are to unadjusted data.*

*All comparisons for **BC Tourism Indicators** are for the reference month relative to the same month the previous year.*

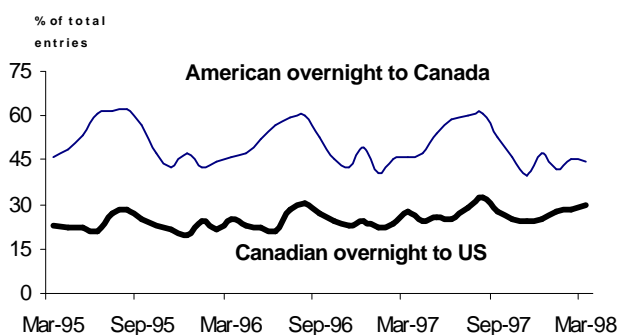
Traveller Entries to BC

- International traveller entries to BC increased 6.4% in March. American visitors accounted for 84% of the 459,133 international entries, and three-fifths of visitors who stayed at least one night.

Americans more likely to spend the night

- Forty-five percent of all American visitor entries to BC in March were overnight visits. This compares to only 30% for Canadians visiting the US. American overnight visits to BC have been higher than the Canadian equivalent for some time, particularly during the summer months.

Spending the night



Canadians prefer US, but not as much

- Three out of four overnight international trips by Canadians in March were to the U.S. However, while re-entries by Canadians to BC from overseas rose slightly (+ 1.0%), re-entries from the US slumped (-23.6%). This was likely due to the strength of the Canadian dollar against Asian currencies, and weakness against the American dollar.

Overseas visitors slowing down

- Visitors from Asian countries accounted for over half of all overseas entries in March. Traveller entries by residents of overseas countries were down 17.4%, mostly due to the 28.0% drop in Asian entries (to 39,244). While European trav-

eller entries were down slightly (-2.2% to 23,658), entries from Oceania were up (+2.6% to 6,832).

- Overseas visitor entries slipped 9.9% in the first three months of 1998 compared to the same period in 1997. An influx of UK visitors (+23.3%) pushed European visitor entries up 7.2% over last year. Travellers from Oceania were also up 3.5%, while Asian entries declined (-19.7%).
- Japanese visitor entries were down for the first three months of 1998 (-7.2%). However, since Japanese visitors made up over 50% of Asian entries to BC, this smaller decline mitigated the overall Asian decrease. Entries by residents of Hong Kong (-28.1%) and South Korea (-51.6%) were down significantly from the first quarter of 1997.

Text Table 3. Traveller Entries

	% chg from Mar 97	Mar 98 (#)
American Visitors		
Total	+ 12.5	386,141
Same-day	+ 14.4	213,370
Overnight	+ 10.4	172,771
Overseas Visitors		
Total	- 17.4	72,992
Europe	- 2.2	23,658
UK	- 10.3	13,006
Asia	- 28.0	39,244
Hong Kong	- 43.2	5,190
Japan	- 16.6	21,443
Oceania	+ 2.6	6,832
Canadian Re-entries		
Total	- 21.9	965,148
From overseas	+ 1.0	84,994
From US	- 23.6	880,154
Auto same-day	- 25.9	619,142

(Statistics Canada)

Note: All comparisons for **Traveller Entries to BC** are for the reference month relative to the same month the previous year.

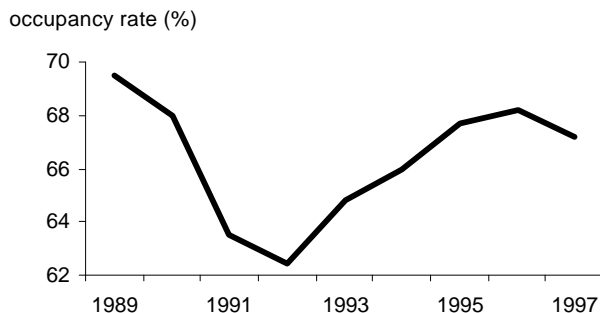
SPECIAL FOCUS: Property & Room Count Changes, 1989-1997

Between 1989 and 1997, annual room revenue grew 77%, exceeding \$1.2 billion last year. During this period, international overnight visitors entering British Columbia increased by one-half, reaching the highest level recorded (1.2 million). Even without taking into account inter-provincial travel to BC by Canadians and international tourists, it is clear that the demand for accommodation grew substantially between 1989 and 1997.

Room occupancy levels out

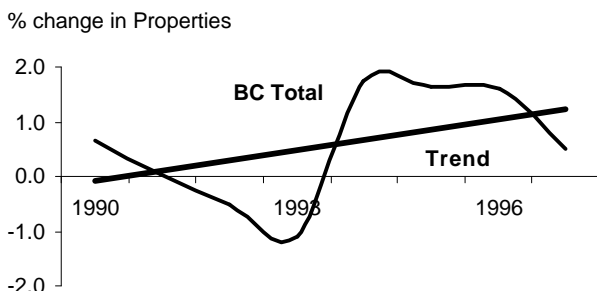
Room occupancy levels peaked in 1989 at 69.5%. The Canadian recession of the early 90's, the economic slowdown in BC, and a relatively high Canadian dollar, all contributed to a drop in the occupancy rate in BC. Occupancy levels began to rebound in 1993, recovering to 67.2% in 1997.

BC occupancy levels recover



High occupancy rates generally have a positive effect on new accommodation construction. However, the economic conditions of the early 90's instead resulted in a decrease in the number of accommodation properties in BC in 1992 and 1993. However, as economic conditions became more favourable for expansion, and occupancy levels began to rise, enough accommodation supply was generated to meet the dramatic increase in tourism demand of the mid and late 90's.

BC accommodation properties up



More room for travellers in BC

There were 4.6% more accommodation properties and 10.5% more rooms available in BC in 1997 than in 1989. The largest increases in properties were in the miscellaneous accommodation type (e.g. bed & breakfasts) category (+126.1%), and vacation rentals (+27.1%). The number of miscellaneous type rooms jumped nearly two-fold, while vacation rentals increased by almost one-half. At the same time, both hotel (-7.6%) and motel properties (-5.4%) declined, with only a moderate increase in rooms.

Size helps in BC hotels and motels

BC had 40% more large (250+ rooms) hotels in 1997 than 1989. Offsetting this expansion was a contraction in the number of small and mid-size hotels (-9.2%).

Accommodation Type	% Change 89-97	
	Properties	Rooms
Hotels	-7.6	+4.6
250+ rooms	+40.0	+33.0
150-249 rooms	-2.9	-4.9
76-149 rooms	-0.8	+3.7
1-75 rooms	-12.3	-6.3
Motels	-5.4	+1.7

The largest hotels contributed the greatest percentage of new rooms to the hotel industry (+33.0%). Changes in the accommodation industry, such as the growth of strata title hotels, may have influenced this trend. The growth of neighbourhood pubs may also have contributed to the decline of smaller, 'beverage based' hotels. Overall, the net increase in rooms based on fewer properties indicates that the average hotel and motel in BC in 1997 is larger than the average size in 1989.

A more diverse accommodation choice

Vacation rentals and miscellaneous accommodation types have grown from one fifth to one third of all properties, and from 10% to 16% of all rooms between 1989 and 1997. This expansion reflects the changing nature of tourism in BC. There is a growing demand for more specialised tourism activity such as wilderness tours and eco-tourism, or for more home-grown services such as bed and breakfast operations.

Accommodation property counts traditionally fluctuate as properties begin and cease operations throughout any given year. The counts used here are the total number of properties operating over the calendar year, regardless of how many months they were open.