

Tourism Room Revenue ♦ July 1998

Highlights

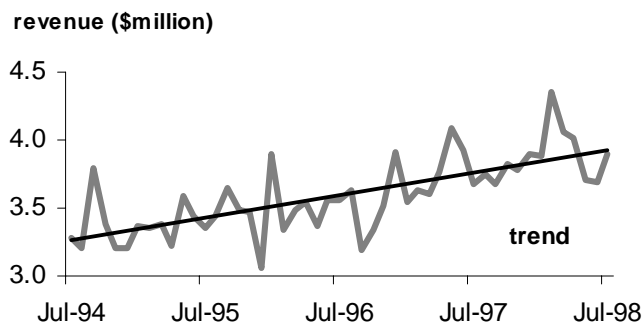
The Province

- Accommodation room revenue in British Columbia rose 0.4% to \$98.3 million in July. Room revenue has increased in four of the last seven months.

In the Regions

- Kootenay rebounded from four months of declines, increasing 5.5% to \$3.9 million. While revenue in the region has been fairly volatile over the last four years, the overall trend has been one of growth.

Kootenay revenue volatile but up



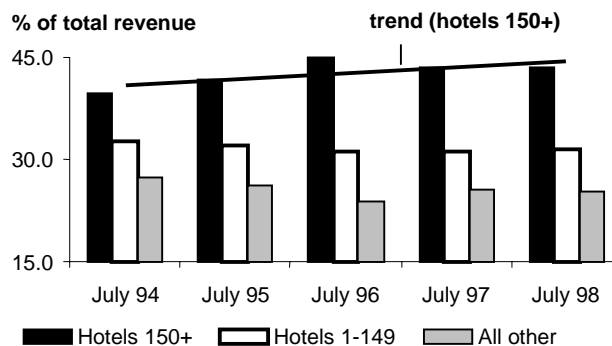
- Cariboo's (+1.2%) revenue rise was the second in the last three months. Mainland/Southwest (+1.1%) recorded a third consecutive increase, indicating the region is recovering from a slowdown in late winter/early spring. Thompson/Okanagan (+0.1%) was the only other region to record an increase in revenue from June.

All data reported in Highlights are seasonally adjusted. All comparisons are to the month previous except where noted.

The Accommodation Types

- Revenue gains in hotels with 250+ rooms (+4.3%), and hotels with 150 to 249 rooms (+1.2%), accounted for the majority of the BC increase. Although the trend toward increasing concentration of accommodation revenue in the larger hotels peaked in 1996, large hotels still maintain the greatest percentage of accommodation revenue.

Hotels (150+ rooms) maintain increased revenue share



Text Table 1. Room Revenue Summary

Accommodation Type			
	July 98 (\$000)	June 98 (\$000)	% change
Total	98,287	97,873	0.4
Hotels	74,304	72,764	2.1
Motels	13,584	13,964	-2.7
Other Acc.	11,468	11,027	4.0
Regions (Top 3)			
Kootenay	3,893	3,688	5.5
Cariboo	3,859	3,814	1.2
Mainland/Southwest	56,044	55,429	1.1

Room Revenue Trends

Accommodation room revenue (unadjusted for seasonal variation) in British Columbia increased 3.8% to \$152.8 million in July compared to July last year. Total year-to-date revenue was 3.3% above the level recorded in the first seven months of 1997.

Heat helps BC host happy hordes

Most regions in BC enjoyed hot, dry, record-smashing weather throughout July. An increase in the number of visitors from the US, a greater number of Canadians who may have been deterred from US or overseas trips by the low dollar, and an average increase of 3.2% in the cost of accommodation, all contributed to July's growth.

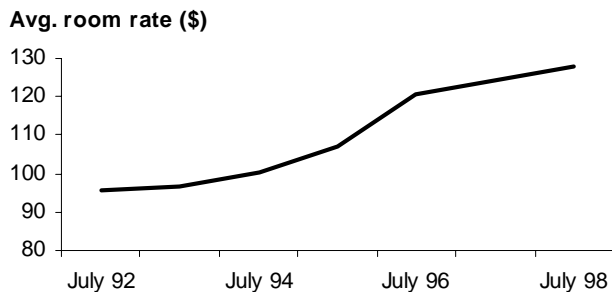
Vancouver Island/Coast advanced 2.1%, the sixth consecutive increase. The region has only recorded one monthly decline (January 1998) since April 1997. Accommodation properties in the lower Island area accounted for the July advance, including the Capital (+5.4%), Cowichan Valley (+6.1%) and Nanaimo (+3.9%) Regional Districts. The City of Nanaimo (+4.9%) cleaned up with the assistance of the spectators and participants in the revamped but traditional July Nanaimo Bathtub Race.

The attractiveness of Okanagan Valley golf courses and lakes proved irresistible for many visitors in July. Thompson/Okanagan revenue rebounded from June's decline, growing 4.1% compared to July last year. The City of Penticton (+9.6%) benefited from a 214% leap in conference delegate days, while revenue in Kelowna (+8.4%) and Vernon (+5.0%) advanced. Thompson/Okanagan has recorded only three monthly year-over-year decreases in revenue since July 1996.

Room rates increase to record levels

The recorded average daily room rate for BC in July was \$128.15. Rates across BC range from a low of \$53.27 in Williams Lake to a high of \$169.68 in Downtown Vancouver. July's total for BC was the highest ever recorded for the month of July.

Room rates rising



Analysts attribute the increases over the last few years to the impact of Asian tourists. Although the rise in American and UK visitors has offset the drop in Asian visitors since 1997, recent studies by Statistics Canada indicate that domestic travellers were more likely to be deterred by higher accommodation costs than international travellers. While advances in overall room rates in BC may be a reflection of continuing strength of specialised destinations (Whistler, Sun Peaks) and specific local markets (Victoria, Kelowna), the current relationship between tourist demand, accommodation costs, and accommodation revenue in BC may soon be subject to adjustments dictated by changing market conditions.

Text Table 2. BC Tourism Indicators

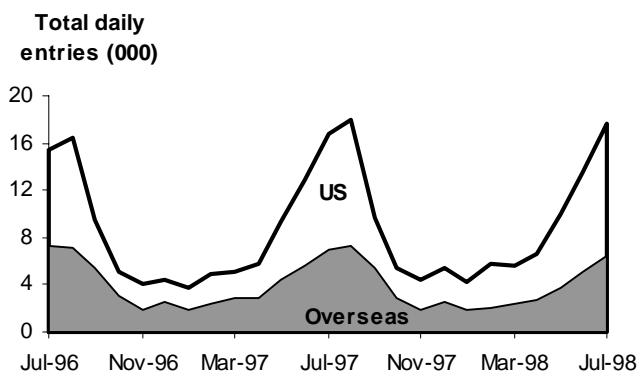
	Change from July 97	Total July 98
Hotel Industry		
Occupancy rate	-5.5 pp.	74.6%
Average room charge <i>(Pannell Kerr Forster)</i>	3.2%	\$128.15
Passenger Traffic (%) (000s)		
Vancouver International Airport		
Total traffic	5.3	1,597
US	11.9	435
Other International	4.3	334
Canada <i>(YVR)</i>	2.5	828
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	12.9	113
Transportation (%) (000s)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	7.3	336
BC Ferries		
Vehicle Volume	-3.6	868
Passenger Volume <i>(BC Ferries)</i>	-3.3	2,592
Exchange Rates		
	chg. from June 98	July Cdn \$
US \$	0.022	1.488
UK Pound	0.026	2.444
Japanese Yen	0.000	0.011
Australian \$ <i>(Statistics Canada)</i>	0.033	0.920

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

- Entries to Canada via BC by foreign residents increased 2.4% to 1,108,756 in July. On average for every day in July there were 35,766 US and overseas residents entering BC. Over two-thirds stayed at least one night. Each day there were 922 more Americans, and 450 fewer overseas residents, entering and staying at least one night in BC in July 1998 than July last year.

More Americans, fewer Asians arrive daily to BC



Asian entries in July lowest since 1994

- Entries by residents of Asian countries declined 12.8% to 95,221 relative to July 1997. Total Asian entries were the lowest recorded for the month of July since 1994.
- Continuing difficulty within the Japanese economy contributed to a drop in Japanese (-9.5%) entries to 33,956, down 3,550 from July last year. Entries by residents of Taiwan (-17.3%), South Korea (-50.9%), and other Asian countries (-33.4%) all declined in July.
- In contrast to most other Asian countries, Hong Kong resident entries continued to increase, climbing 81.0% in July. Hong Kong entries to BC were 20,013, the greatest monthly total ever recorded. Year-to-date entries were 10.1% above 1997. July entries by Hong Kong residents to Canada (+65.0%) were also up significantly from last year. This seems to provide further evidence that much of the uncertainty associated with the July 1997 repatriation with China is subsiding, and Hong Kong residents are resuming usual business and leisure travel.

Text Table 3. Traveller Entries

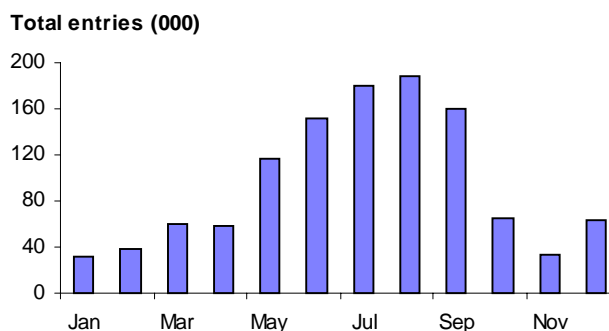
	% chg from July 97	July 98 (000)
American visitors		
Total	4.6	907
Same-day	3.3	359
Overnight	5.5	547
Overseas visitors		
Total	-6.5	202
Europe	-0.5	78
UK	11.2	26
Asia	-12.8	95
Hong Kong	81.0	20
Japan	-9.5	34
Oceania	-13.5	14
Canadian re-entries		
Total	-20.6	1,077
From overseas	-2.4	55
From US	-21.4	1,022
Same-day	-24.6	694

(Statistics Canada)

UK visitor entries return to traditional levels

- While overall entries by residents of European countries decreased 0.5% in July, the number of UK travellers increased 11.2% to 26,349. In the 90s, the number of UK residents travelling to BC has been the greatest in the months of August, July, and September, respectively. There have only been two year-over-year decreases recorded for July (1990 & 1997) this decade.

UK visitors prefer late summer in BC



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