

Tourism Room Revenue ♦ August 1998

Highlights

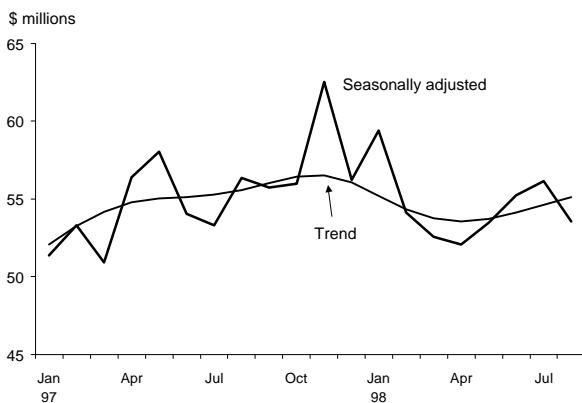
The Province

August saw room revenue in BC fall 2.6% to \$96.0 million, the first drop in four months.

In the Regions

- After posting the largest revenue drop in the province in July, North Coast rebounded in August with the largest gain (+2.3%). This growth was a full percentage point higher than the second best performer, Vancouver Island/Coast (+1.3%). The only other region to show an increase from July was Thompson/Okanagan, with a modest 0.9% rise.
- Following three months of solid growth, the Mainland/Southwest saw revenue fall 4.6%, losing the gains made through June and July. In spite of the August dip, revenue was still higher than in the spring months.

Mainland/Southwest: In spite of August decline, revenue still higher than spring slump

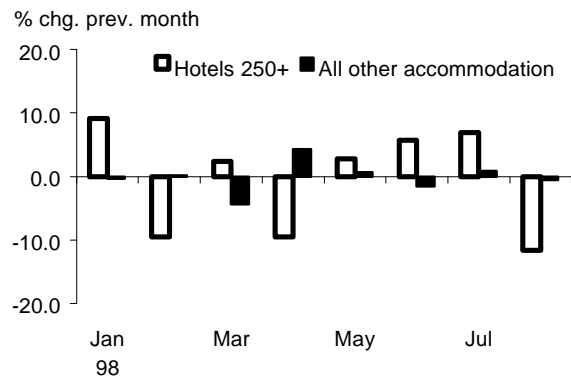


All data reported in Highlights are seasonally adjusted. All comparisons are to the month previous except where noted.

The Accommodation Types

- Most accommodation types showed modest changes, both up and down, from July. The biggest gain was in the smallest hotels (1-75 rooms), which earned 0.9% more than in July. Hotels with 250 or more rooms saw revenue plummet 11.6%, a significant decline for the category that earns the greatest percentage of accommodation revenue.

Hotels (250+ rooms) show big gains, big drops



Text Table 1. Room Revenue Summary

Accommodation Type			
	Aug. 98 (\$000)	July 98 (\$000)	% change
Total	95,958	98,565	-2.6
Hotels	71,241	74,885	-4.9
Motels	13,593	13,552	0.3
Other Acc.	11,184	11,498	-2.7
Regions (Top 3)			
North Coast	1,393	1,361	2.3
Vancouver Isl./Coast	17,744	17,517	1.3
Thompson/Okanagan	12,790	12,673	0.9

Room Revenue Trends

Accommodation room revenue (unadjusted for seasonal variation) in British Columbia fell 1.7% to \$165.1 million in August compared to August last year. Total year-to-date revenue remained higher than last year (+2.5%).

Big hotels = Big impact

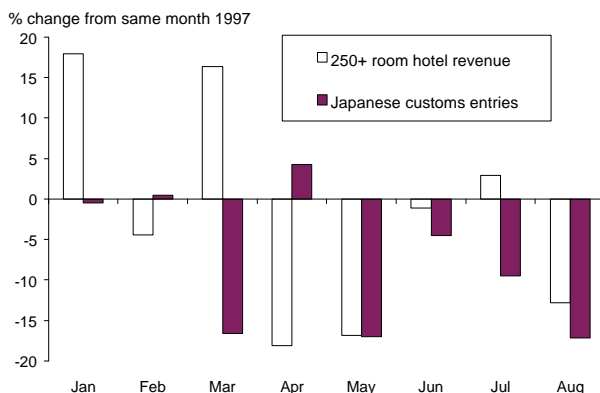
The performance of BC's large hotels—the 24 hotels in BC that have 250 or more rooms—has a dramatic impact on overall provincial room revenue. This handful of properties, little more than 1% of the total, contain one out of every ten rooms, and earn a whopping one quarter of the province's room revenue dollars.

While most other accommodation categories had relatively healthy revenue growth in August (motels were the notable exception, dropping 5.4%) the province's large hotels saw revenue fall 12.8%. The large hotels in the Greater Vancouver Regional District, the only smaller geographic area for which data are available, saw revenue dip 10.3%, indicating that large hotels elsewhere in BC (Victoria, Whistler, and Harrison Hotsprings) fared more poorly.

August's performance was not a singular event. Room revenue earned by the big hotels has fallen in five of the six most recent months for which data are available, with only July's modest 2.9% gain bucking the trend.

It has been suggested that the large hotels have been hardest hit by the downturn in visits from Asian countries, particularly Japan. This is only partially supported by the data, which show that while changes in large hotel room revenue and Japanese entries have moved in the same direction some months, in other recent months one has risen while the other has fallen. Clearly there are other factors at play.

Large hotel revenue does not follow Japanese entries



Room rates up and occupancy down—again

The recorded average daily room rate for BC in July was \$131.14, an increase of 1.1%. This was the smallest monthly year-over-year increase since May 1994, when they fell 0.1%. Occupancy rates continued their downward trend, falling 5.8 percentage points to 80.8%. This was the fifty-first consecutive month that room rates were up (beginning June 1994), and occupancy has fallen in 22 of the previous 26 months (beginning July 1996).

Text Table 2. BC Tourism Indicators

	Change from Aug 97	Total Aug 98
Hotel Industry		
Occupancy rate	-5.8 pp.	80.8%
Average room charge <i>(Pannell Kerr Forster)</i>	1.1%	\$131.14
Passenger Traffic (%) (000s)		
Vancouver International Airport		
Total traffic	4.1	1,737
US	11.5	478
Other International	0.1	371
Canada <i>(YVR)</i>	2.0	887
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	9.2	124
Transportation (%) (000s)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	-5.0	358
BC Ferries		
Vehicle Volume	-4.9	945
Passenger Volume <i>(BC Ferries)</i>	-4.7	2,897
Exchange Rates chg. from June 98 July Cdn \$		
US \$	0.070	1.535
UK Pound	0.093	2.511
Japanese Yen	0.000	0.011
Australian \$ <i>(Statistics Canada)</i>	0.017	0.903

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

Visitor entries from USA continue strong

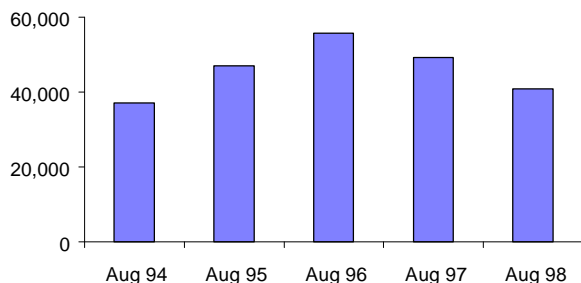
- The total number of international entries to Canada via BC climbed 3.5% in August, reaching 1.187 million. Of these, just over 400,000 were Americans who came to Canada for a single day. Same-day trips by Americans shot up 11.5% in August, with overnight visits up 5.9%.

Overseas visitor entries slide again

- Overseas entries continued their tumble, down 15.5% over August 1997 to 189,413. Although entries from Europe were down (-5.9%), a significantly larger decline in both percentage and absolute terms was posted in Asian entries. The number of Asian entries fell 28,356 to 86,614—a drop of 24.7%.
- Bright spots in overseas entries were visits from the United Kingdom, up 2.0% to 26,180, and Hong Kong, which added 6.4% more entries and rose to 13,051.
- Entries from Japan, the largest source of overseas entries, were down 17.2% (to 40,752) in August. This was the second year that entries from Japan during August have fallen, and the drop brings the absolute number to the lowest level posted since August 1994.

August entries of Japanese fall again

Customs entries from Japan



Canadian travel overseas falls

- While travel by Canadians to the United States has been dropping for many months, mirroring the decline of the Canadian dollar's value relative to the American dollar, travel overseas had been on the rise. However, the number of Canadians travelling overseas fell for the second consecutive month in August, down 7.6%. Prior to July, there was a string of 38 straight months of growth, stretching back to May 1995.

Text Table 3. Traveller Entries

	% chg from Aug 97	Aug 98 (000)
American visitors		
Total	8.1	998
Same-day	11.5	407
Overnight	5.8	591
Overseas visitors		
Total	-15.5	189
Europe	-5.9	77
UK	2.0	26
Asia	-24.7	87
Hong Kong	6.4	13
Japan	-17.2	41
Oceania	-5.8	15
Canadian re-entries		
Total	-27.3	1,112
From overseas	-7.2	76
From US	-28.4	1,036
Same-day	-32.4	664

(Statistics Canada)

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