

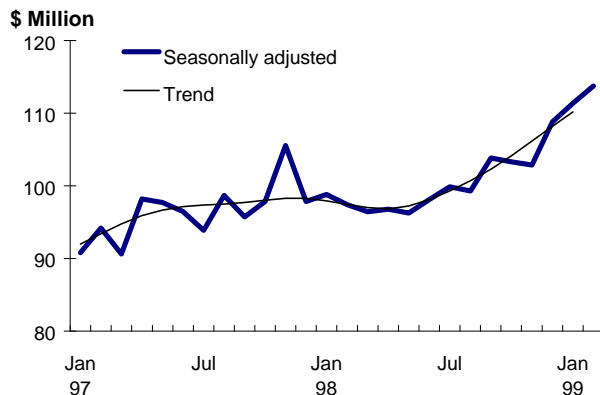
Tourism Room Revenue ♦ February 1999

Highlights

The Province

- In February, seasonally adjusted room revenue in BC rose 2.1% from January, reaching \$113.7 million. This was the third consecutive month of increasing revenue.
- Room revenue has been on a steady up-swing since last summer. For the year prior, seasonally adjusted revenue had held fairly steady at around the \$98 million mark.

BC revenue continues to climb



In the Regions

- Kootenay led the regions with 7.4% growth. Thompson/Okanagan was close behind, with an increase of 6.4%. The only other region with above-average growth was Northeast (+2.8%).
- The two biggest regions saw more modest gains. Revenue was up 1.8% in Mainland/Southwest, while Vancouver Island/Coast continued its run of revenue growth with a modest 0.5% increase in February.
- Revenue was down again in Nechako (-6.7%), North Coast (-3.6%), and Cariboo (-1.6%).

The Accommodation Types

- The big hotels made the biggest gains. Hotels with 250 or more rooms led the province with a 4.7% jump in revenue, their largest advance since September 1998. Mid-size hotels (151-249 rooms) also had above-average performance, with revenue increasing 2.2% over January.
- On the heels of two strong months, vacation rentals experienced a revenue drop of 9.3%. The only other accommodation category where revenue declined was hotels with 76-150 rooms (-2.1%).

Text Table 1. Room Revenue Summary

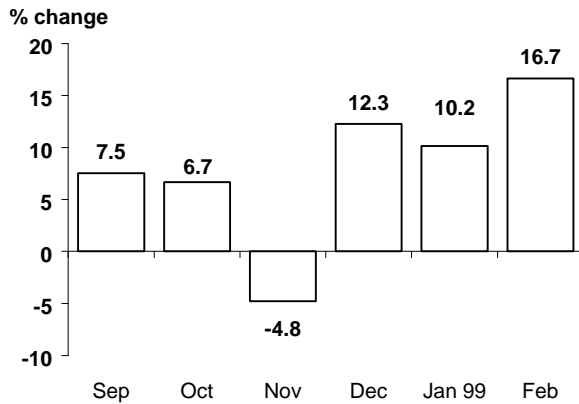
Accommodation Type			
	Feb. 99 (\$000)	Jan. 99 (\$000)	% change
Total	113,723	111,343	2.1
Hotels	82,710	81,347	1.7
Motels	13,664	13,633	0.2
Other Acc.	14,248	15,312	-6.9
Regions (Top 3)			
Kootenay	4,697	4,376	7.4
Thompson/Okanagan	15,170	14,255	6.4
Northeast	1,961	1,908	2.8

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

Room Revenue Trends (Unadjusted)

Room revenue, unadjusted for seasonal variation, was \$85.4 million in February. This was a 16.7% increase over February 1998, and the third straight month with a year-over-year jump in excess of 10%.

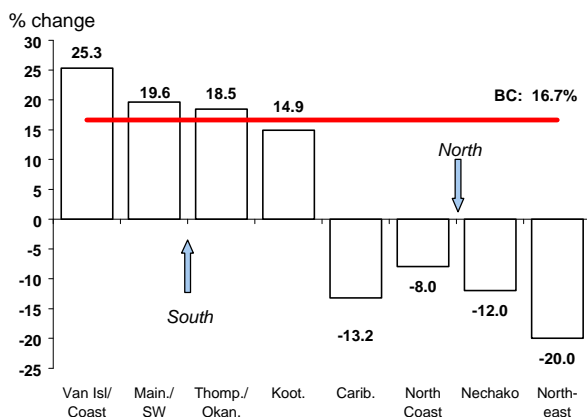
Room revenue growth strong in recent months



Singing the same old regional song

For the fifth time in the six months, we have to report that there is a pronounced difference between the southern and northern regions. (November was the only exception, with a drop in revenue relative to November 1997 when Vancouver hosted the APEC Summit.) When looking at the provincial total, the size of the four southern regions overwhelms the north—the south earns nine of every ten room revenue dollars. This means that a bleak month for one or all of the northern regions won't have much effect on the provincial total. February is a case in point; in spite of a 15.2% revenue drop in the north, the BC total gained 16.5%, driven by a 20.0% hike in the south.

The great divide



To make matters worse, the difference in growth rates is widening. In September, the first month in which this phenomenon appeared, the southern regions posted 8.0% growth, while revenue in the north was virtually unchanged. In February, the discrepancy between the growth rates reached a whopping 35%.

Text Table 2. BC Tourism Indicators

	Change from Feb 98	Total Feb 99
Hotel Industry		
Occupancy rate	2.9 pp.	59.6%
Average room charge <i>(Pannell Kerr Forster)</i>	6.0%	\$107.47
Passenger Traffic (%) (000s)		
Vancouver International Airport		
Total traffic	8.3	1,108
US	6.3	297
Other International	7.7	223
Canada <i>(YVR)</i>	9.6	589
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	13.5	94
Transportation (%) (000s)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	-15.3	90
BC Ferries		
Vehicle Volume	-2.1	463
Passenger Volume <i>(BC Ferries)</i>	-1.7	1,184
Exchange Rates		
	chg. from Feb 98	Cdn \$
US \$	0.063	1.497
UK Pound	0.084	2.437
Japanese Yen	0.001	0.013
Australian \$ <i>(Statistics Canada)</i>	-0.008	0.959

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 visitor entries reach new highs

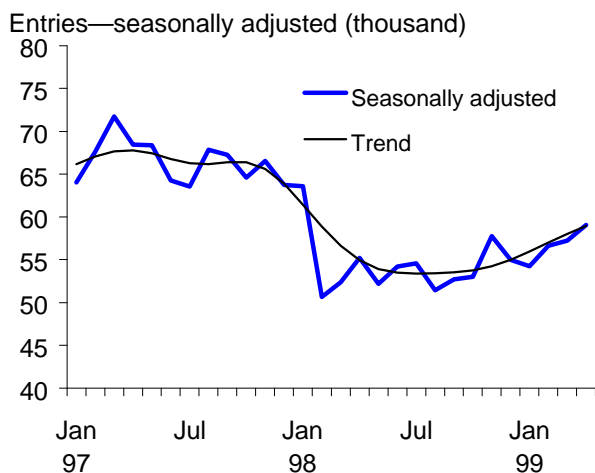
Entries by foreign residents to Canada via BC advanced 15.2% to 474,110 in February. Growth was strong from all the major markets.

Asian entries up for first time in over a year

The big news in February was the recovery of the Asian markets, which might have seemed sudden. However, closer examination reveals that this shouldn't have been entirely unexpected. The number of Asian entries fell precipitously in February 1998 (-25.1%), and remained depressed for a full year. However, the situation began to turn around in September.

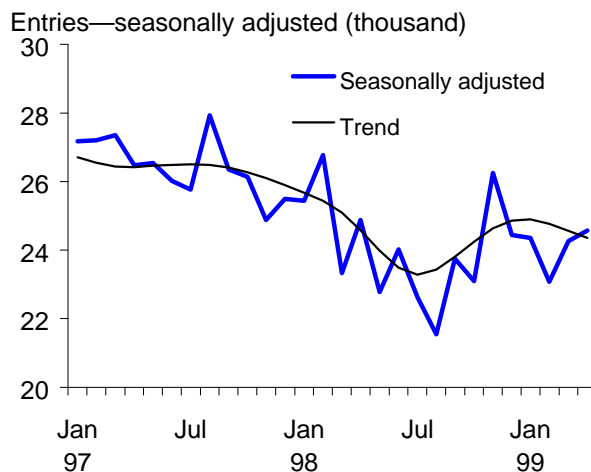
Seasonal adjustment of the data shows that while Asian entries are still below the levels seen in late 1997, there is a definite upward trend in the line. And the trend continues up through March and April¹ as well.

Asian entries on the rebound (seasonally adjusted)



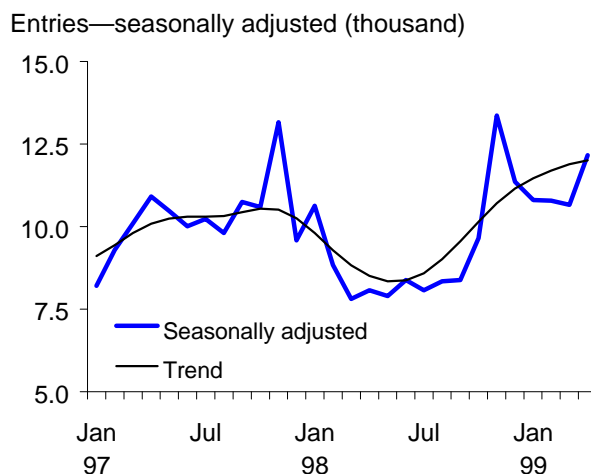
There are significant differences between the individual countries of origin. Entries from Japan still have a long way to go to reach the seasonally adjusted peak of 31,800 achieved in July 1996. Given that the rebound in entries from Japan has stalled at roughly 24,000 in recent months, it seems likely that it might be some time before the highest level of visitation is reached again.

Japanese entries only partially recovered (seasonally adjusted)



Entries from Taiwan, on the other hand, took a dip through the spring and summer of 1998. Since then, they quickly regained their previous levels and have recently gone on to new highs.

Taiwan entries surpass previous peak (seasonally adjusted)



Entries from South Korea have also recovered steadily, but have yet to achieve the levels seen in the spring of 1997. Entries peaked at 7,900 in April 1997, and bottomed out at 2,800 in September 1998. By April 1999, however, they'd reached 5,200.

The recent bout of Asian flu may be over, but it seems that the Japanese market may still be weakened. It will be very interesting to watch what happens to Japanese entries over the next few months.

¹ The most recent month for which data are available.