

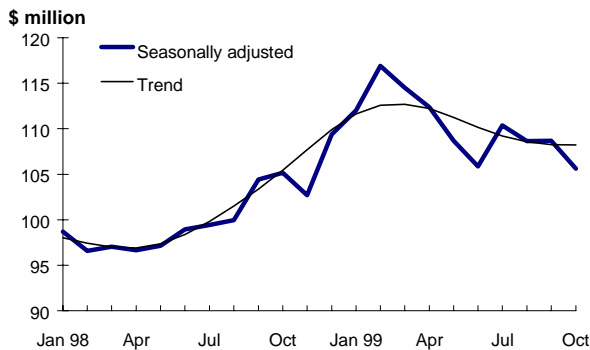
Tourism Room Revenue ♦ October 1999

Highlights

The Province

- In October, room revenue (seasonally adjusted) in BC fell 2.8% to \$105.6 million. This was the second decline in three months, and drops room revenue to its lowest level since November 1998.

Room revenue in BC trends down



- While room revenue remains higher than a year ago, the explosive growth seen in late 1998 and early 1999 was not sustained.
- International traveller entries were down in October (seasonally adjusted), with entries from both USA and Europe declining from September.

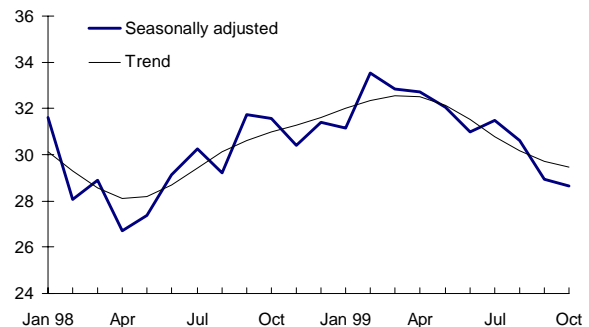
In the Regions

- North Coast led the province, with revenue up 6.0% in October. Northeast (+2.7%), Nechako (+1.4%) and Kootenay (+1.0%) were other regions where revenue increased over September. Significantly, the three largest regions were all down, led by a 4.2% drop in Mainland/Southwest, where revenue has been weak since August.

The Accommodation Types

- In October, the only accommodation type to post an increase was vacation rentals (+4.1%). After a decline in the spring, these properties have performed well since July. On the other hand, the large hotels (+250 rooms), earning roughly one of every four room revenue dollars in BC, have been slumping since early 1999. In October revenue fell for the third straight month (-0.9%) as revenue dipped to its lowest level since May 1998.

Large hotels in extended slump



Text Table 1. Room Revenue Summary

Accommodation Type			
	Oct. 99 (\$000)	Sep. 99 (\$000)	% change
Total	105,598	108,664	-2.8
Hotels	78,067	80,557	-3.1
Motels	14,183	14,392	-1.5
Other Acc.	14,631	14,600	0.2
Regions (Top 3 performers)			
North Coast	1,623	1,531	6.0
Northeast	2,017	1,965	2.7
Nechako	974	961	1.4

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

Room Revenue Trends (Unadjusted)

October room revenue (unadjusted for seasonal variation) was \$88.5 million, down 1.8% compared to October 1998. This was the first year-over-year decline in unadjusted revenue since November 1998.

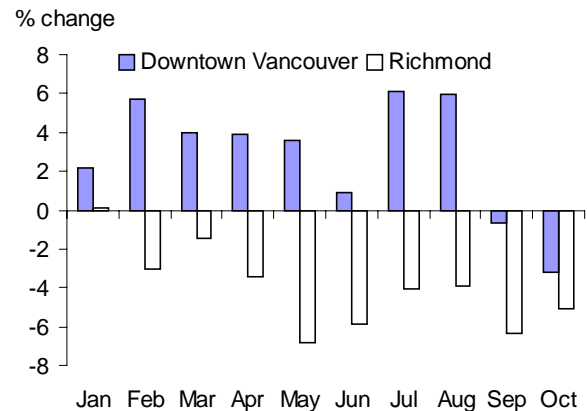
Only one of the province's eight regions had revenue below October 1998, but because it was the province's largest, it had the effect of bringing down the provincial rate. Mainland/Southwest saw revenue of \$50.2 million in October 1999, down 6.4%. Furthermore, this drop in revenue was localized among the larger hotels in both Whistler (-15.5%) and Downtown Vancouver (-13.9%) which bore the brunt of the decreased revenue.

In Downtown Vancouver, three factors may have played roles in the downturn. The first is a drop in the number of overnight visitors from the US. There were 7,200 fewer overnight entries in October than a year earlier, a decline of 3.5%. Overseas entries increased to 7,900 (+9.9%), but there is some evidence that many overseas travellers, particularly those from Asia, travel throughout Canada and even into the US as part of a whirlwind tour and don't stay put in BC, even though it is their first point of entry into Canada.

Second, room rates in Vancouver fell for the second straight month, dipping 3.2% in October. Average room rates had been increasing since December 1998.

Room rates have fallen, at least in part, because of increased competition in the region's hotel market. In particular, the number of new hotels has mushroomed in Richmond, which boasted a revenue jump of 17.4% in October—this increase of \$1.0 million accounts for roughly a quarter of downtown Vancouver's decline. It's noteworthy that room rates in Richmond have been dropping since February; October's rates were 5.1% lower than a year earlier. Clearly Richmond sold more room nights in October 1999 than a year earlier.

Vancouver room rates begin downward trend



Text Table 2. BC Tourism Indicators

	Change from Oct. 98	Total Oct. 99
Hotel Industry		
Occupancy rate	-3.4 pp.	55.4%
Average room charge <i>(Pannell Kerr Forster)</i>	-2.4%	\$100.34
Passenger Traffic (%) (000s)		
Vancouver International Airport		
Total traffic	n/a	n/a
US		
Other International		
Canada <i>(YVR)</i>		
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	-8.8	101
Transportation (%) (000s)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	-0.6	194
BC Ferries		
Vehicle Volume	0.5	635
Passenger Volume <i>(BC Ferries)</i>	0.4	1,664
Exchange Rates		
	chg. from Oct. 98	Cdn \$
US \$	-0.068	1.477
UK Pound	-0.170	2.449
Japanese Yen	0.001	0.014
Australian \$ <i>(Statistics Canada)</i>	0.007	0.962

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 (seasonally adjusted): November

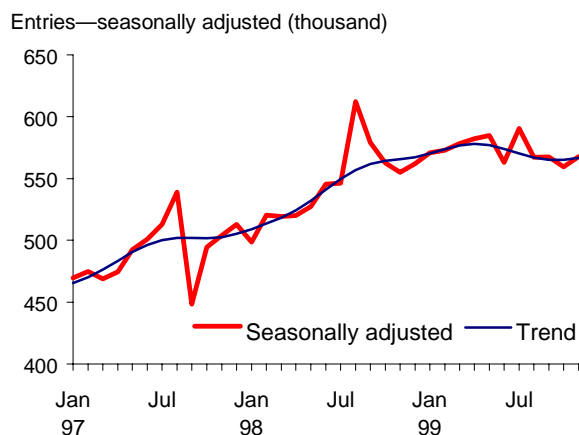
International visitor entries up

With strong growth in entries from some Asian nations and a solid increase in US same-day travel, international travel to Canada via BC rebounded in November. There were 701,900 traveller entries (seasonally adjusted) in November, up 3.2% from October, and pushing visitor entries to their highest level since July.

US entries rebounded in November

After three months of decline, November saw US entries rise 1.2% to 566,700. A large part of the growth was in same-day travel, which was up 2.2%. 5,900 more US travellers entered Canada via BC on same-day trips than in October, compared to the 500 additional overnight trips that were made.

After two years of steady growth, US entries flattened in 1999



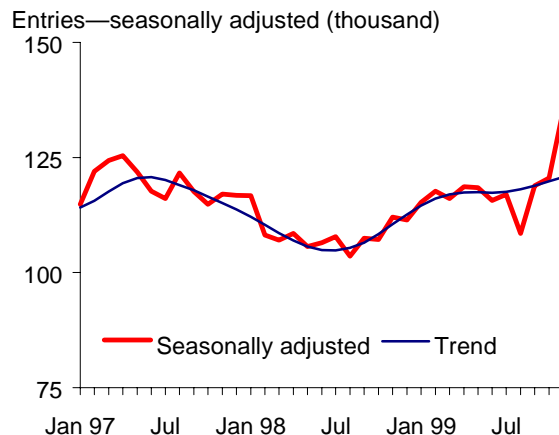
Taiwan boom drives overseas entries to record high

Total overseas entries were up 12.2% to 135,200 in November, the third straight monthly increase. Significantly, this was the largest number of entries ever recorded.

A substantial part of the growth was a 14.4% increase in entries from Asian countries, although a gain of 7,300 Taiwanese entries disguised the fact that fewer Japanese (-7.5%) travellers entered Canada via BC in November. Entries from Hong Kong (+7.6%) and South Korea (+10.5%) also helped to offset the Japanese decline.

Note: All comparisons for Traveller Entries to BC are seasonally adjusted. All comparisons are to the previous month except where noted.

Overseas entries hit record high



Growth in entries from Europe (+2.2%) and Oceania¹ (+3.2%) were less dramatic, but contributed to the overall gain in their own small way.

More Canadians travelling overseas

There were 788,100 Canadian resident re-entries to Canada through BC in November, down 2.7% from October. While travel to the US was down, the number of Canadians returning home via BC from countries other than the US rose for the fourth straight month (+0.6%).

Text Table 3. Traveller Entries (seasonally adjusted)

	Nov. 99	Oct. 99	% chg from
	('000)	('000)	Oct. 99
American visitors			
Total	567	560	1.2
Same-day	272	266	2.2
Overnight	297	296	0.2
Overseas visitors			
Total	135	120	12.2
Europe	40	39	2.2
UK	17	17	2.7
Asia	69	60	14.4
Japan	25	27	-7.5
Taiwan	17	10	72.7
Oceania	11	10	3.2
Canadian re-entries			
Total	788	810	-2.7
From overseas	70	70	0.6
From US same-day auto	468	486	-3.6

(BC STATS & Statistics Canada)

¹ Australia, New Zealand, and other South Pacific nations.