

Tourism Room Revenue ♦ November 1999

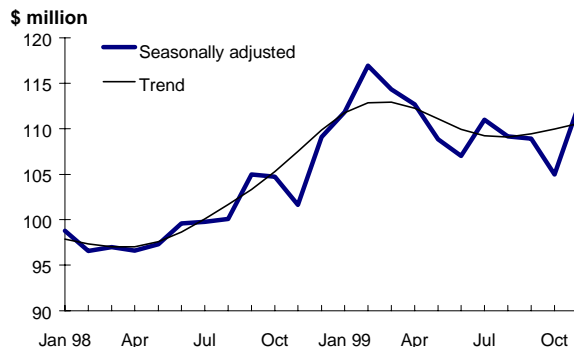
Highlights

This issue of *Tourism Room Revenue* introduces Table 11, "BC Restaurant and Tavern Receipts". These data may be of particular interest to planners and business people in the tourism and hospitality sectors.

The Province

- In November, room revenue (seasonally adjusted) in BC jumped 7.0% to \$112.3 million. This increase was the largest single-month upsurge since December 1998, and put room revenue at its highest level since April.

November sees big jump in room revenue



- International traveller entries were up 3.5% in November (seasonally adjusted), with a big increase (+13.4%) in entries from overseas. October's decline in room revenue was mirrored by a dip in international entries, as was November's increase, suggesting that there is a strong relationship between the two.

In the Regions

- Mainland/Southwest led the province with a 13.0% hike in revenue, reversing three months of decline. Revenue was also up in Northeast (+7.9%), Kootenay (+4.7%) and Cariboo (+1.0%). Room revenue levels were virtually unchanged in Thompson/Okanagan (+0.1%), and declines ranged from -2.9% (Vancouver Island/Coast) to -7.5% (North Coast) in the other three regions of the province.

The Accommodation Types

- Echoing the increase in the Mainland/Southwest, revenue in the largest hotels (both +250 and 151-249 room categories) grew faster than the provincial average. These two categories also accounted for the bulk of the overall increase in revenue.

Text Table 1. Room Revenue Summary

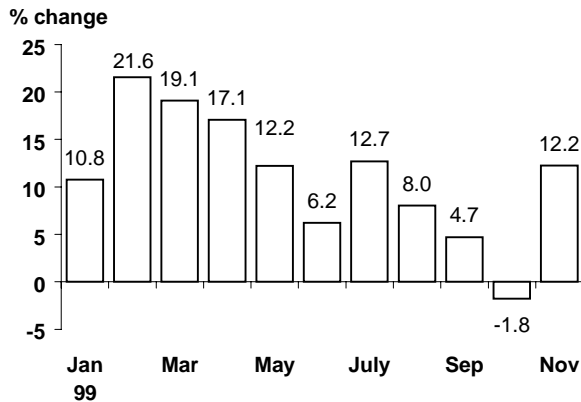
Accommodation Type			
	Nov. 99 (\$000)	Oct. 99 (\$000)	% change
Total	112,326	104,996	7.0
Hotels	83,161	78,448	6.0
Motels	14,221	14,184	0.2
Other Acc.	15,437	14,609	5.7
Regions (Top 3 performers)			
Mainland/Southwest	66,408	58,778	13.0
Northeast	2,194	2,033	7.9
Kootenay	5,046	4,821	4.7

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

Room Revenue Trends (Unadjusted)

November room revenue (unadjusted for seasonal variation) was \$67.2 million, up 12.2% compared to November 1998. October's 1.8% dip stands out as the only year-over-year decline so far in 1999.

Room revenue up for most of 1999



Across BC's regions, year-over-year growth rates varied substantially. Kootenay continued its string of double-digit increases, stretching the unbroken series to 11 months with a 24.6% jump in November. Mainland/Southwest (+18.3%) and Northeast (+17.7%) both posted double-digit increases, while at the same time revenue dropped in Cariboo (-0.6%) and Vancouver Island/Coast (-3.2%).

In Vancouver Island/Coast, accommodation properties earned \$9.9 million, off from the \$10.2 million posted in November 1998 when revenue was boosted by the Royal British Columbia Museum's Leonardo da Vinci exhibit. While revenue levels were also down in other regional districts, the Capital Regional District (CRD) saw revenue fall 7.1% compared to a year earlier. We can expect to see year-over-year declines in CRD revenue until March 2000, due in large part to the effect of the da Vinci exhibit on 1999 revenue. Because of the Leonardo-induced strength in the early part of the year, revenue was up 9.9% over the first eleven months of the year in the CRD.

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.

Restaurant and tavern receipts down in 1999

In restaurant and taverns in BC during the 12 months of 1999, revenue was \$4.5 billion, down 3.7% from 1998. While limited service restaurants¹ boasted a 2.9% increase (to \$1.6 billion), revenue was down in full-service restaurants (-7.9%, to \$2.2 billion) and drinking places (-7.3%, to \$369.8 million).

Text Table 2. BC Tourism Indicators

	Change from Nov. 98	Total Nov. 99
Hotel Industry		
Occupancy rate	0.0 pp.	48.2%
Average room charge <i>(Pannell Kerr Forster)</i>	1.9%	\$90.62
Airport Passengers (%) (000s)		
Vancouver International Airport		
Airport		
Total traffic	4.8	1,097
US	-3.2	268
Other International	20.5	228
Canada <i>(YVR)</i>	3.5	602
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	-6.2	85
Restaurant receipts (%) (\$ millions)		
Full service	-0.1	165
Limited service	2.7	124
Drinking places <i>(Statistics Canada)</i>	-10.0	27
Transportation (%) (000s)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	1.0	111
BC Ferries		
Vehicle Volume	1.1	538
Passenger Volume <i>(BC Ferries)</i>	-0.4	1,324
Exchange Rates		
	chg. from Nov. 98	Cdn \$
US \$	-0.072	1.467
UK Pound	-0.180	2.378
Japanese Yen	0.001	0.014
Australian \$ <i>(Statistics Canada)</i>	-0.041	0.937

¹ "Full service restaurants" are those where patrons order and are served while seated, and pay after eating, while in "limited service restaurants" patrons order at a counter, food bar, or by telephone, and pay before eating.

Traveller Entries to BC (seasonally adjusted): December

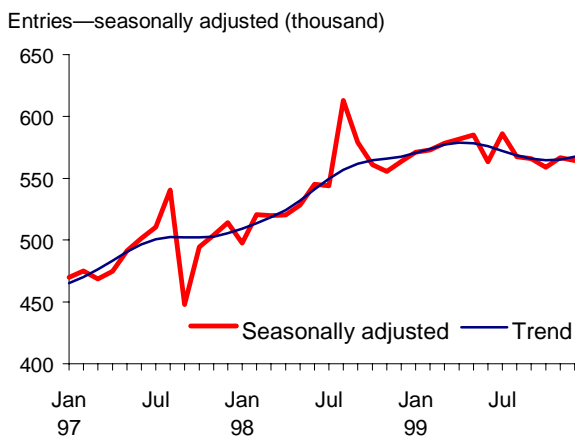
International visitor entries slip

International travel to Canada via BC dipped in December. There were 684,000 traveller entries (seasonally adjusted) in December, down 2.7% from November.

US entries dip in December...

An increase of 2,200 additional overnight trips by Americans (+0.8%) was not enough to offset a 1.3% decline in same-day travel, as US entries slipped 0.5% from November. US entries have hovered around the 565,000 level since August.

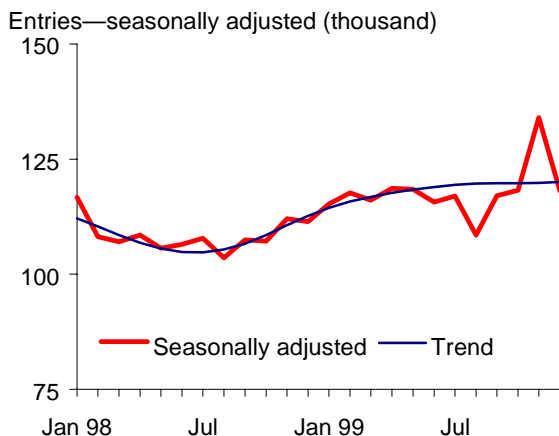
US entries flat through last half of 1999



Overseas entries drop

After hitting a record high in November, overseas entries fell back to 118,100 (-11.9%) in December. This figure is close to the level of entries seen through all of 1999.

Overseas entries fall back



South Korea (+12.7%) was the only major source of overseas travellers with an increase in December. All others fell, including a 27.8% drop in Taiwanese travel, and a 7.6% decline in the number of Japanese entries.

Fewer Canadians travelling internationally

There were 771,500 Canadian resident re-entries to Canada through BC in December, down 1.9% from November. Travel to both the US and overseas was down. There were 10,500 fewer travellers to the United States (-1.5%), and 4,700 fewer (-6.9%) returning from overseas destinations.

Text Table 3. Traveller Entries (seasonally adjusted)

	Dec. 99 (^{'000})	Nov. 99 (^{'000})	% chg from Nov. 99
American visitors			
Total	566	569	-0.5
Same-day	268	271	-1.3
Overnight	298	295	0.8
Overseas visitors			
Total	118	134	-11.9
Europe	41	40	0.6
UK	16	17	-3.5
Asia	61	66	-8.1
Japan	22	24	-7.6
Taiwan	12	17	-27.8
Oceania	9	10	-8.6
Canadian re-entries			
Total	771	787	-1.9
From overseas	64	68	-6.9
From US same-day auto	458	466	-1.7

(BC STATS & Statistics Canada)

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

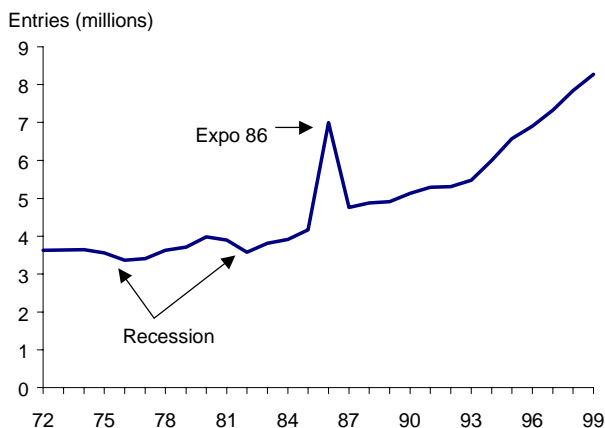
SPECIAL FOCUS: Long term trends in international traveller entries

International visitor entries are not a perfect measure of international tourism in BC. Travellers who enter Canada via another province prior to coming to BC (primarily Europeans) are missed, and those who clear Customs in BC and promptly travel on to another province (those from the Pacific Rim) are counted. Still, entries provide a solid foundation of trends and volumes to analyze.

Up, up, up

Last year, 8.3 million non-residents entered Canada through BC ports of entry, 5.4% more than in 1998. The last time international traveller entries fell from one year to the next was in 1987, the year following the unprecedented boom associated with Expo 86. And before that, the last decline was 1981 and 1982, during a protracted North American economic recession.

International entries have been growing for two decades, booming in the 90s



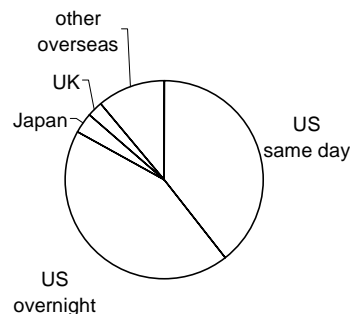
US entries dominate

American travellers dominate international travel to BC. In 1999, eight of every ten international travellers who came to Canada via BC were Americans. These Americans are split roughly 50/50 between same day (3.3 million in 1999) and overnight (3.6 million) travellers. This compares with 1.4 million travellers from all other countries of the world, led by Japan (284,000 entries) and the UK (207,000).

Entries from the US were up 4.8% in 1999, as growth cooled from the 11.1% increase seen in 1998. And in spite of dipping slightly in 1992, the number of Americans entering Canada via BC grew at an annual average rate of 5.0%¹ during the nineties, an unprecedented period of expansion.

¹ Compound rate.

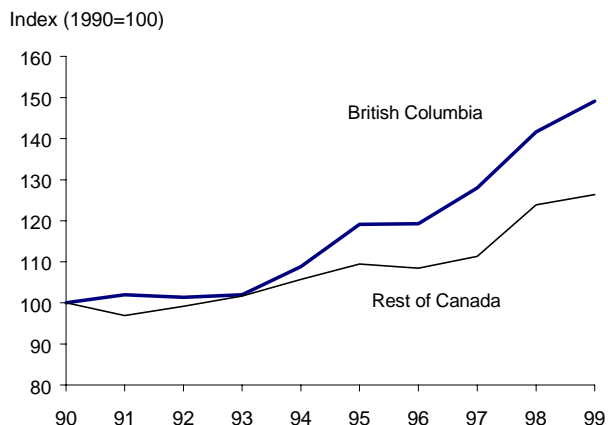
US dominates international travel to BC



In 1999, overnight entries (+5.3%) outpaced same-day (+4.2%) travel from the US. In the rest of Canada, same-day travel from the US was little changed from 1998 (+0.9% to 26.6 million).

Overnight visitors account for a larger share of Americans coming to BC than in the rest of Canada. BC accounts for only one of every ten Americans who enter Canada on a same-day trip, but one quarter of the overnight visitors. Phrased another way, American overnight travellers cross the border into BC in roughly the number as same-day travellers, while in the rest of Canada same day travellers outnumber their overnight counterparts by more than two to one.

Overnight entries from US: BC outpaces rest of Canada

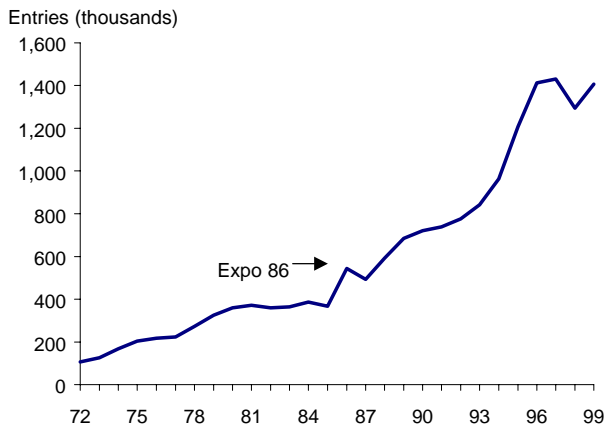


Furthermore, BC's share of overnight visitors has grown dramatically over the past decade, as overnight entries to BC from the US have frequently outpaced entries to the rest of Canada. 1999 was no exception, with overnight entries to BC jumping 5.3%, and the rest of Canada advancing a relatively modest 2.0%.

Overseas travel: a mixed bag

Entries from countries other than the US picked up in 1999 (+8.6%), following a 9.4% decline in 1998 and a modest 1.3% jump in 1997. Through the nineties, travel from overseas countries was more volatile than from the US. After solid growth in the early part of the decade, travel boomed from 1994 through 1996, only to stagnate and fall in 1997 and 1998, in large part due to the Asian economic crisis. Through the whole ten year period, however, growth has averaged 7.7%², nearly doubling the number of overseas residents entering Canada via BC.

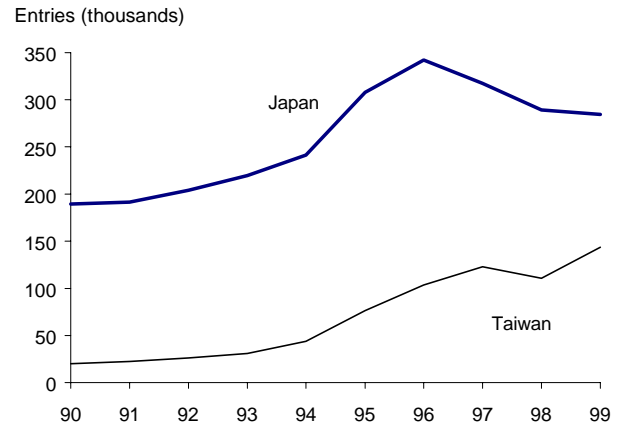
Entries from overseas: the nineties saw a phenomenal increase



Asia: Japan continues slide, smaller nations pick up the slack

In 1999, entries from Asia (+9.7%) recovered after falling nearly a fifth (-18.2%) in 1998. This recovery came in spite of the fact that the number of travellers from Japan—the largest source of overseas entries to BC—was down for the third straight year. Entries from Hong Kong were also off in 1999, but substantial recoveries in the number of Taiwanese and South Koreans buoyed the regional total.

Taiwan closing the gap with Japan



While 1998 was a grim year for businesses in BC that cater to Asian travellers, it was far worse in other parts of Canada where Asian entries tumbled by a quarter, and 1999's recovery was nowhere near as substantial.

It is interesting to note that entries to BC from Asian countries more than doubled between 1990 and 1999 (720,000 to 1.4 million), while entries to the rest of Canada are now below 1990's level (falling from 612,000 to 582,000). Some of this shift may be attributed to Vancouver International Airport's improved air connections, enhancing its status as a gateway to North America from the Far East. But there may also be an element of increased tourism to BC, notably winter holidays that include trips to the ski resorts in western Canada, Whistler in particular.

Europe: up for the first time in three years

For the first time since 1996, entries from Europe were up (+7.8%). European entries to the rest of Canada also grew (+3.3%) in 1999 after having fallen for two consecutive years. Unlike Asia, growth was spread across all of the major sources of European travellers. In 1999 the number of entries from the UK surpassed the 200,000 mark for the first time (+12.2%). German entries were up (+4.4% to 115,000), but were still below the high posted in 1996 (134,000).

² Compound rate.