

Tourism Sector Monitor ♦ November 2001

Highlights

Room revenue

For the third straight month, room revenues rose (+0.4%, seasonally adjusted) in **August**. Most regions saw little change in room revenues. The Cariboo had the largest gain (+2.2%) followed by Vancouver Island/Coast (+1.9%) and the Northeast (+1.8%). The biggest decline was in the North Coast (-3.6%).

Revenue in the summer months trending up

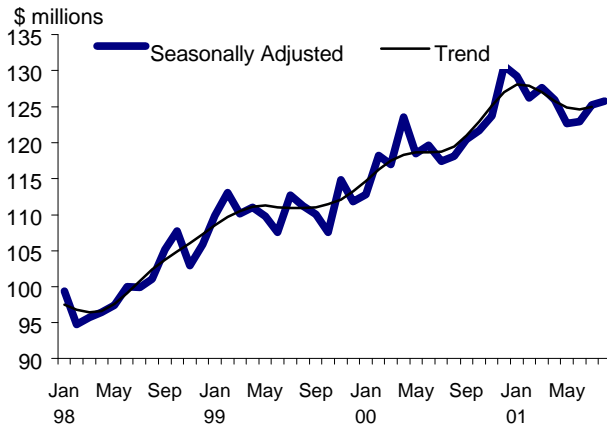


Table 1. Room Revenue* Summary

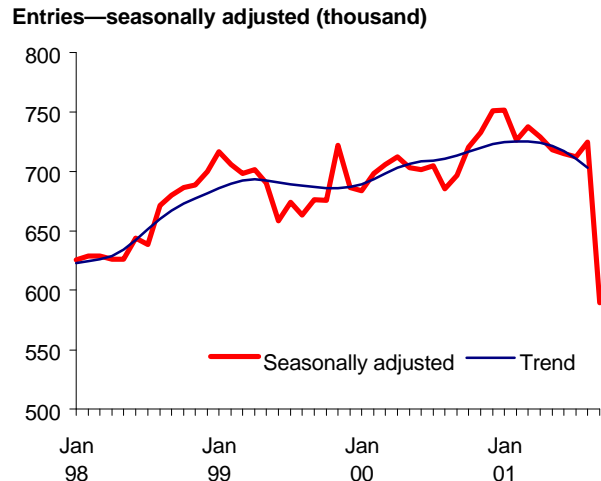
Accommodation Type			
	Aug 01 (\$000)	July 01 (\$000)	% change
Total	125,759	125,230	0.4
Hotels	95,100	94,899	0.2
Motels	15,984	15,816	1.1
Other Acc.	14,638	14,687	-0.3
Regions (Top 3 performers)			
Cariboo	3,575	3,496	2.2
Vancouver Island/Coast	22,249	21,823	1.9
Northeast	2,908	2,857	1.8

*Seasonally adjusted room revenue

Visitor Entries

In **September**, visitor entries to BC plunged 18.7% as US and overseas travellers stayed close to home. Entries from the United States dropped 20.6% with both same-day and overnight trips falling by more than 20%. Canadian re-entries decreased 23.7% with same day auto trips to the United States slipping 33.9%.

Visitor Entries Plummet



Other indicators

In **September**, passenger traffic at the Vancouver airport dropped 19.2% compared to September 2000. Domestic passengers were down 22.6% and trans-border passengers fell 23.4%. In **October**, passenger traffic at the Victoria (-7.4%), Kelowna (-6.2%) and Prince George (-17.4%) airports continued to fall from last year's numbers.

A Look Ahead...

Preliminary numbers for September show room revenues (seasonally adjusted) down 13.6%. Unadjusted numbers show a 12.8% decline over the same month of 2000.

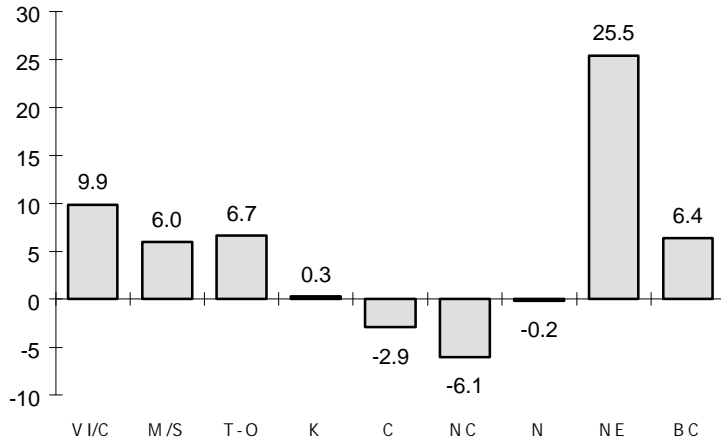
Tourism Trends

Room Revenue

In August, room revenues made marginal gains (+0.4%) in BC. Low or negative growth in most regions kept room revenue down. Cariboo (+2.2%) saw the biggest increase. Declines were seen in only three regions, Thompson Okanagan (-1.2%), North Coast (-3.6%), and Nechako (-2.0%).

So far this year, room revenues have grown over last year's values in all but three regions (North Coast, Nechako and Cariboo) This is mainly due to a strong first quarter performance. The Northeast has had a particularly strong year so far, increasing 25.5% over the same period last year. This growth is likely related to business tourism associated with oil and gas exploration.

**August year-to-date
percent change**



V/I/C = Vancouver Island/Coast
M/S = Mainland/Southwest
T-O = Thompson-Okanagan
K = Kootenay
C = Cariboo

NC = North Coast
N = Nechako
NE = Northeast
BC = British Columbia

Visitor Entries

In September, visitor entries fell dramatically. Overall, entries dropped 18.7% to reach the lowest number in over three years. Entries from the United States were hit particularly hard, declining 20.6%. Overseas numbers also decreased as entries from Asia (-16.0%) and Europe (-8.7%) slumped. The events of September 11, 2001 are a main reason for these declines as airspace was closed temporarily and long delays occurred at border crossings. Further, as airport statistics show, fear of flying kept many people on the ground.

Third quarter visitor entries fell 6.3% due to declines in both United States and overseas travellers. Entries from the US were down 6.5% as same-day trips decreased 8.6% and overnight trips dropped 3.4%. Entries from European (-14.0%), Asian (-1.0%) and Oceanic (-3.8%) countries slumped.

Entries from the United States crash down

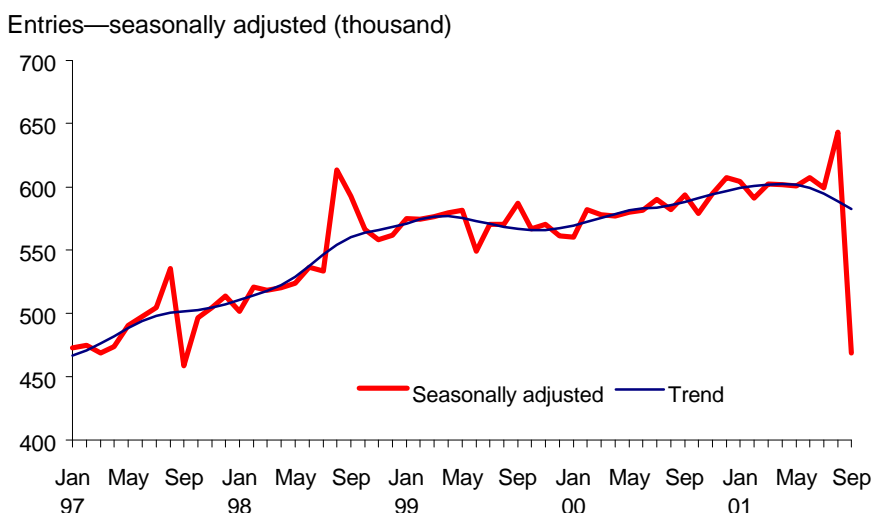


Table 2. Traveller Entries (seasonally adjusted)

	Sep-01 ('000)	Aug-01 ('000)	%chg from Aug-01
American visitors			
Total	483	608	-20.6
Same-day	221	302	-26.8
Overnight	239	337	-28.9
Overseas visitors			
Total	107	117	-8.8
Europe	32	35	-8.7
UK	16	18	-9.1
Asia	56	66	-16.0
Japan	16	22	-28.7
Taiwan	7	8	-18.7
Oceania	11	11	4.8
Canadian re-entries			
Total	581	761	-23.7
From overseas	78	76	1.8
From US same-day auto	296	447	-33.9

(BC STATS & Statistics Canada)

Other Tourism Indicators

Restaurant, caterer and tavern receipts continued to rise above last years' values in September. Total receipts grew 3.8% over the same month last year. Full service restaurants increased 7.8% and limited service venues were up 2.9%. Drinking places fell 8.5% from September 2000.

Passenger traffic on the BC ferries dropped 2.7% in October, but vehicle traffic rose 1.4%. Passenger vehicles on the Coquihalla highway slipped 0.9%. At the airports, passenger traffic fell at Victoria (-7.4%), Kelowna (-6.2%) and Prince George (-17.4%) in October.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	Sep-01	64.6%	-9.9 pp.
Average room charge	Sep-01	\$119.18	-5.0%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers		(000s)	(%)
Vancouver International Airport			
Total traffic	Sep-01	1,162	-19.2
US	Sep-01	270	-23.4
Other International	Sep-01	321	-8.0
Canada	Sep-01	571	-22.6
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	Oct-01	96	0.0
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts		(\$ millions)	(%)
Full service	Sep-01	0	-100.0
Limited service	Sep-01	0	-100.0
Drinking places	Sep-01	0	-100.0
<i>(Statistics Canada)</i>			
Transportation		(000s)	(%)
Coquihalla Highway			
Passenger Vehicles	Oct-01	188	-0.9
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	Oct-01	641	1.4
Passenger Volume	Oct-01	1,590	-2.7
<i>(BC Ferries)</i>			
Exchange Rates		Cdn \$	Change from year ago
US \$	Oct-01	1.571	0.059
UK Pound	Oct-01	2.279	0.085
Japanese Yen	Oct-01	0.013	-0.001
Australian \$	Oct-01	0.793	-0.006
<i>(Statistics Canada)</i>			

Special Focus: The Impact of September 11th and the current Economic Slowdown on the Tourism Industry

Recent global events have had a dramatic impact on the tourism industry. Although the size of this impact will not be fully known for months preliminary numbers show an industry that has been hard hit.

Airports

Due to the temporary closure of North American airspace in September, airport passenger volumes were down. However, as October statistics show, the closure of air space was not the only force pushing the numbers downward. Many airlines have cut back schedules as a result of falling demand. Total air passenger traffic at the Vancouver International Airport dropped 19.2% in September compared to September 2000. In Victoria passenger traffic fell 15.3% from the same month last year. Smaller regional airports also saw declines with Prince George down 16.3% and Kelowna falling 12.6%. Passenger numbers for October were also much lower than October 2000 numbers. The Prince George airport saw a 17.4% drop in passenger numbers. Passenger volume also fell in Victoria (-7.4%) and Kelowna (-6.2%).

% year-over-year

Airport	Sept.01	Oct.01
Vancouver	-19.2	n/a
Victoria	-15.3	-7.4%
Prince George	-16.3	-17.4%
Kelowna	-12.6	-6.2%

Accommodation¹

Despite a 5.0% fall in hotel room rates across the province, occupancy rates dropped 9.9 percentage points in September to reach 64.6%. Hotels in Greater Victoria were amongst the hardest hit from the slumping industry. In September 2000, occupancy rates were 86.6% in Greater Victoria but stood at 69.0% in September 2001. Occupancy rates in Greater Vancouver dropped 10.9

percentage points with the largest decline in Downtown Vancouver (-14.9 percentage points). Prince George was the only city in the survey to see an increase in occupancy rates. Rates rose 9.7 percentage points from September 2000. This may be due to the need to provide accommodation to travellers whose planes were diverted to the area. It may also be attributable to the 9.5% reduction in the average daily hotel room rate in the city. Compared to other western provinces occupancy rates show that the tourism industry in BC took the largest plunge. Occupancy rates fell only 6.6 percentage points in Alberta and 7.7 percentage points in Saskatchewan.

Room Revenues

Prior to September room revenues in the province showed sluggish growth. A 1.8% increase in revenues (seasonally adjusted) in the first quarter of the year was followed by a 3.0% decline in the second quarter. The summer months helped boost the slowing industry with revenues up in June, July and August. However, preliminary numbers for September show that accommodation providers are being hard hit by the uncertainty of travellers and the economic slowdown. Seasonally adjusted numbers for September show a 13.6% decline and unadjusted numbers show room revenues down 12.8% from September 2000.

Visitor Entries

Visitor entries show that international travel dropped dramatically in September. In September 2000, over 858,000 (unadjusted) visitors entered BC, in September of 2001, that number dropped to 704,800.

Visitor entries were not just down in BC, but fell across the country. Total Canadian entries were down 25.4% (seasonally adjusted).

¹ Pannell Kerr Forster provided all data on occupancy rates and average daily hotel rates.