

Tourism Sector Monitor ♦ February 2002

Highlights

Room revenue

For the second straight month room revenue rose (+3.7%, seasonally adjusted) in **November**. Revenues reached \$118 million, but were still below the \$123 million posted in August. Gains were made in all but two regions, North Coast (-5.9%) and Northeast (-3.9%). The biggest increase was seen in Nechako (+5.9%) followed by Mainland/Southwest (+5.6%).

Room revenues have almost recovered from sharp slide in September.

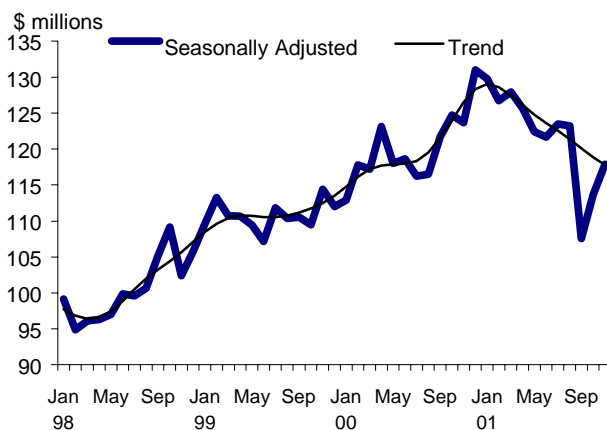


Table 1. Room Revenue* Summary

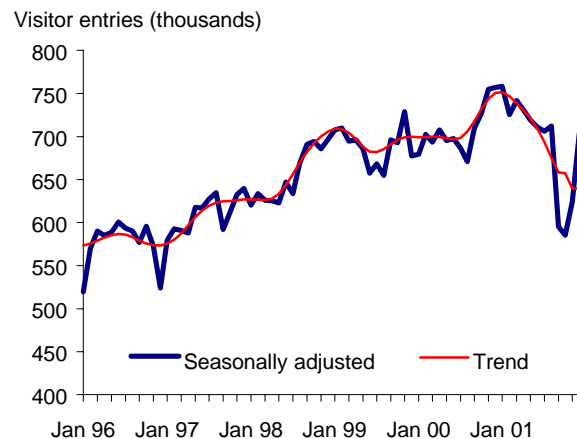
Accommodation Type			
	Nov.01 (\$000)	Oct. 01 (\$000)	% change
Total	117,895	113,645	+3.7
Hotels	86,325	84,751	+1.9
Motels	15,178	15,318	-0.9
Other Acc.	15,690	14,788	+6.1
Regions (Top 3 performers)			
Necahko	756	714	+5.9
Mainland/Southwest	65,585	62,134	+5.6
Vancouver Island/Coast	22,116	21,349	+3.6

*Seasonally adjusted room revenue

Visitor Entries

In December, visitor entries climbed 10.2%, almost reaching their pre-September levels. Entries from the United States (+9.6%) and Overseas (+13.0%) both jumped. Overnight entries from the US rose 11.3%, rising above pre-September levels. Canadian re-entries via BC were up 5.0%, but were still much lower than their pre-September level.

Visitor entries return to pre-September levels



Other indicators

In **January**, passenger traffic at the Victoria (-12.1%) and Kelowna (-6.9%) airports dropped, compared to the same period last year. Passenger traffic at the Vancouver airport slumped in **November** (-14.4%) compared to the same month of 2000. Both vehicle (-0.2%) and passenger traffic (-2.6%) on the BC Ferries declined in **January**. The number of passenger vehicles paying the toll on the Coquihalla highway was down 4.4% in **January** compared to January 2001.

A Look Ahead...

Preliminary numbers for December show room revenues up 6.1% (seasonally adjusted) over November. On a year over year basis, unadjusted numbers show a 1.3% decline over December of 2000.

Tourism Trends

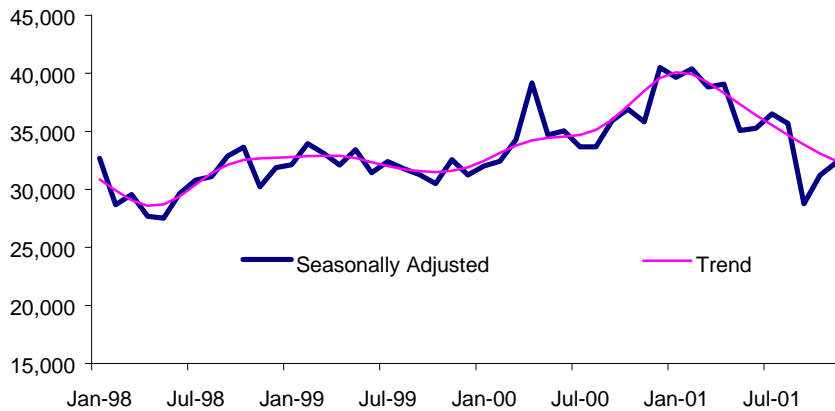
Room Revenue

Room revenue grew 3.7% in November, continuing to regain ground lost in September. Nechako saw the largest increase (+5.9%) followed by Mainland/Southwest (+5.6%). Vancouver Island/Coast rose 3.6% to \$22.1 million, almost reaching pre-September levels, (\$22.2 million, August 2001). Thompson Okanagan inched up 0.2%. The North Coast (-5.9%) and Northeast (-3.9%) regions saw a decline.

Hotels across the province saw revenues up 1.9% in November. Large hotels (over 250 rooms) saw the biggest increase, rising 3.6%. Motel owners saw a 0.9% drop in revenues, after jumping 6.2% in October.

Despite two months of growth, hotel revenues are still trending down

Room Revenue (\$000)



Visitor Entries

For the second straight month, visitor entries into BC grew (+10.2%) in December. Entries from the United States climbed 9.6% and have almost recovered from the sharp slide in September. Both same-day (+6.3%) and overnight (+11.3%) entries continued to rebound. The number of visitors from overseas also rose (+13.0%), with entries from Asia soaring 24.2%. Entries from European (+2.3%) and Oceanic (+12.5%) countries were up.

The number of Canadians re-entering the country via BC increased 5.0% in December. However, re-entries were still significantly lower than their pre-September levels. The number of Canadians making same-day car trips from BC to the US jumped 10.9%. After two months of decline, there were 3.1% more Canadians returning to BC from overseas.

Despite two months of growth, same-day car trips to the US from BC are well below levels posted in the first half of 2001.

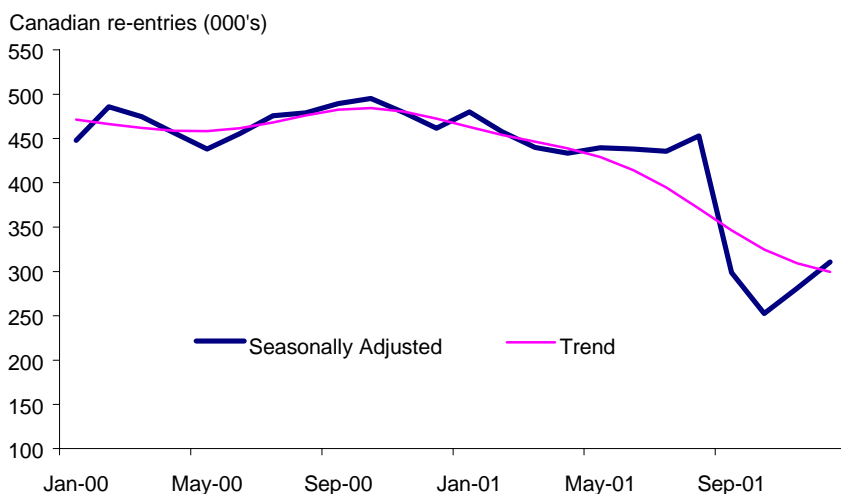


Table 2. Traveller Entries (seasonally adjusted)

	Dec-01 (‘000)	Nov-01 (‘000)	%chg from Nov-01
American visitors			
Total	572	522	9.6
Same-day	240	225	6.3
Overnight	332	298	11.3
Overseas visitors			
Total	122	108	13.0
Europe	41	40	2.3
UK	19	19	1.9
Asia	64	51	24.2
Japan	23	18	27.7
Taiwan	8	4	105.2
Oceania	10	9	12.5
Canadian re-entries			
Total	587	559	5.0
From overseas	75	73	3.1
From US same-day auto	312	281	10.9
<i>(BC STATS & Statistics Canada)</i>			

Other Tourism Indicators

For the fifth straight month, restaurant, caterer and tavern receipts were up (+0.8%, seasonally adjusted) in December. Both drinking places (+0.9%) and restaurant and food service establishments (+0.9%) saw a small increase. Restaurants, caterers and taverns performed equally well across the country (+0.8%) as drinking places and restaurant and food service establishments each gained 0.8%.

Travel within the province slowed in January, as all indicators were down. Passenger traffic at the Victoria (-12.1%) and Kelowna (-6.9%) airports dropped from the same period last year. Traffic on the Coquihalla highway fell (-4.4%) and vehicle (-0.2%) and passenger (-2.6%) traffic on the BC Ferries decreased. In November passenger traffic at the Vancouver airport declined 14.4% compared to November 2000 levels.

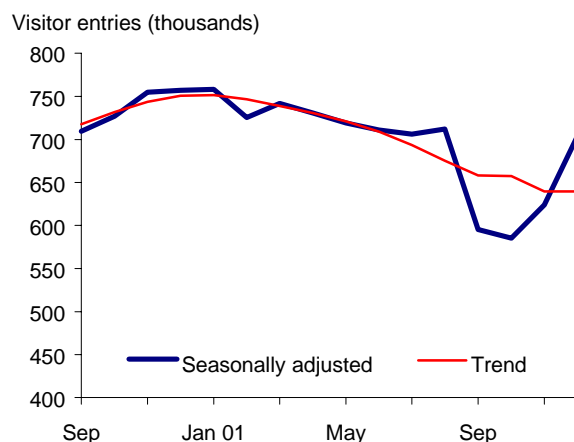
Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	Dec-01	42%	-0.6 pp.
Average room charge	Dec-01	\$111.99	-0.3%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers		(000s)	(%)
Vancouver International Airport			
Total traffic	Nov-01	920	-14.4
US	Nov-01	212	-18.9
Other International	Nov-01	191	-17.4
Canada	Nov-01	517	-11.2
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	Jan-02	77	-12.1
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts		(\$ millions)	(%)
Full service	Dec-01	232	7.8
Limited service	Dec-01	136	-0.5
Drinking places	Dec-01	26	-4.2
<i>(Statistics Canada)</i>			
Transportation		(000s)	(%)
Coquihalla Highway			
Passenger Vehicles	Jan-02	97	-4.4
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	Jan-02	497	-0.2
Passenger Volume	Jan-02	1,191	-2.6
<i>(BC Ferries)</i>			
Exchange Rates		C dn \$	Change from year ago
US \$	Jan-02	1.600	0.097
UK Pound	Jan-02	2.293	0.071
Japanese Yen	Jan-02	0.012	-0.001
Australian \$	Jan-02	0.828	-0.007
<i>(Statistics Canada)</i>			

Special Focus: Visitor Entries in 2001

After rising (+2.6%) in 2000, visitor entries dropped 2.0% in 2001. A small increase (+0.5%, seasonally adjusted) in the first quarter was followed by three quarters of decline. The largest fall occurred in the third quarter (-6.7%) but the second (-2.4%) and fourth (-5.0%) quarters also saw significant drops in visitor numbers. Although the events of September 11th pushed visitor entries into a slump, they were already trending down before the terrorist attacks. On a monthly basis, only five months of 2001 showed an increase in visitor entry numbers, and only three of these months, January (+0.1%), March (+1.5%) and August, (+1.2%) occurred prior to September 11th. Entries bounced back in November (+6.1%) and December (+10.2%) and by the end of the year, visitor numbers had almost regained the ground lost in September.

Visitor entries trended down throughout 2001

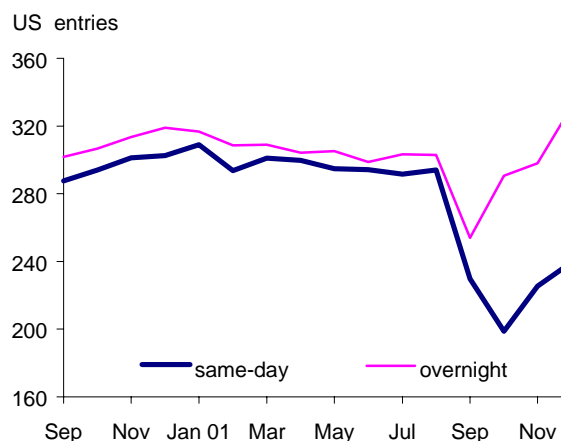


USA Entries

Visits from Americans fell 1.6% in 2001, after rising 2.1% in 2000. Despite this, overnight entries made a marginal gain (+0.4%) but same-day entries dropped 3.7%. Same-day entries may have been hit harder after September 11th due to longer line-ups at the border making it inconvenient to cross twice in one day. The gaps between overnight entries and same-

day entries seen in September, October and November were the largest since 1989, the first year which seasonally adjusted data is available.

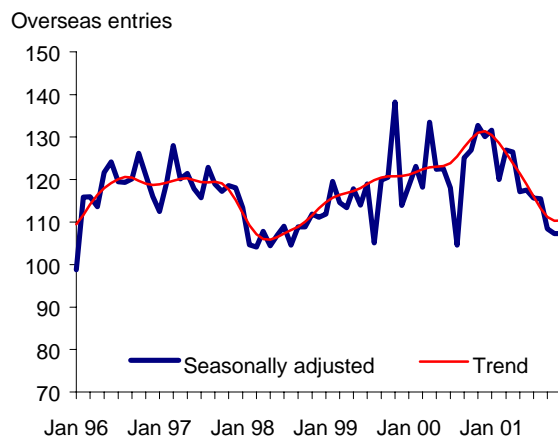
Same-day entries were hit harder in September and are taking longer to recover



Overseas

Overseas entries were less severely affected by the events of September. Entries have been trending down since mid-2000 but September 11th exacerbated the situation. However, February saw the largest monthly decline (-7.4%, seasonally adjusted). In September, there was a 4.3% drop in the number of visitors from overseas. Recently, overseas entries have begun to climb. Overall, overseas entries dropped 3.9% in 2001.

Overseas visits fell throughout 2001.



European entries saw the largest decline (-6.4%) of overseas entries in 2001. After two years of increase, the number of visitors arriving from Asian countries fell (-3.6%). Asian entries have been on the rise throughout the past ten years with the exception of 1998 when 'Asian Flu' struck the economies of most Asian countries.

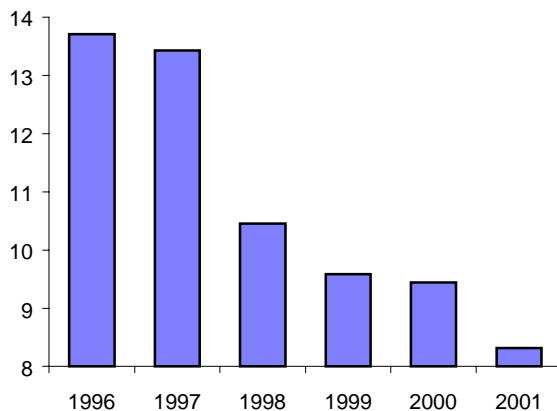
Canadian Re-entries

The number of Canadians re-entering the country via BC plunged 11.7% in 2001. A low dollar, a struggling economy and the terrorist attacks helped keep Canadians closer to home. Re-entries have been declining for the past five years. The number of Canadians returning from a same day car trip to the US dropped for the tenth straight year (-16.3%).

For the second straight year, overseas re-entries rose (+4.2%). Despite the uncertainty many Canadian travellers had after September 11th, overseas re-entries only slipped 2.5% in the last quarter of 2001, compared to a 27.3% decline in same-day car trips to the US. Overseas re-entries slipped in both October (-2.5%) and November (-0.3%) but bounced back in December (+3.1%).

Canadian re-entries have declined for the past five years.

Canadian re-entries (millions)



Ten Year Summary				
Traveller Entries to Canada via BC, (000s)				
Period	Total	USA Total	Overseas Total	Canadian Total
	1992	5,312.0	4,536.9	775.1
1993	5,476.8	4,635.7	841.2	15,948.9
1994	5,999.2	5,036.0	963.2	13,552.2
1995	6,577.2	5,368.6	1,208.6	13,501.6
1996	6,906.6	5,494.4	1,412.1	13,710.2
1997	7,322.8	5,892.6	1,430.2	13,427.5
1998	7,844.6	6,549.0	1,295.7	10,451.3
1999	8,269.2	6,861.7	1,407.5	9,588.1
2000	8,481.7	7,006.0	1,475.8	9,435.2
2001	8,312.5	6,894.5	1,418.0	8,328.6
Percent Change				
1992	0.5	-0.2	5.0	-6.8
1993	3.1	2.2	8.5	-12.8
1994	9.5	8.6	14.5	-15.0
1995	9.6	6.6	25.5	-0.4
1996	5.0	2.3	16.8	1.5
1997	6.0	7.2	1.3	-2.1
1998	7.1	11.1	-9.4	-22.2
1999	5.4	4.8	8.6	-8.3
2000	2.6	2.1	4.8	-1.6
2001	-2.0	-1.6	-3.9	-11.7