

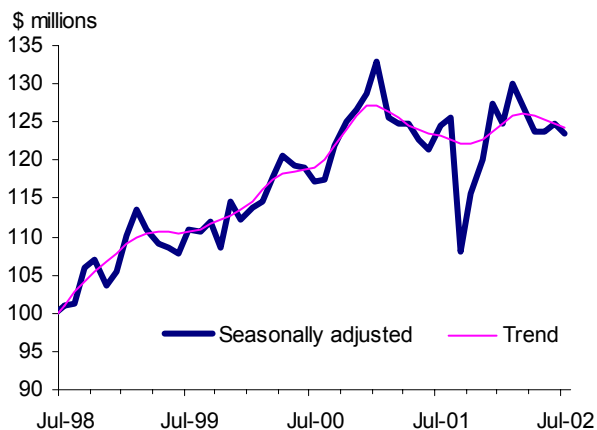
Tourism Sector Monitor ♦ October 2002

Highlights

Room revenue

In **July** room revenue in the province decreased 0.9% (seasonally adjusted) to \$123.6 million. This was due to relatively weak growth in most regions, in particular Mainland Southwest (-1.1%) and Vancouver Island/Coast (-1.8%), the two largest. Both regions were down through July because of decreased revenues from hotels. Thompson/Okanagan (+3.0%), which grew after five months of decline, and North Coast (+2.7%) were the only regions with an increase.

Room revenues fall slightly in July



Visitor Entries

Visitor entries to Canada through BC border crossings were up in **August**, increasing 1.5% (seasonally adjusted). The growth in entries was largely due to rises in both same-day (+1.6%) and overnight (+1.1%) trips from the US. The number of visitors from overseas (-0.8%) fell, continuing the downward trend that has existed over the last year and a half despite the first increase in European visitors (+0.2%) in the last nine months.

Visitor entries grow in August

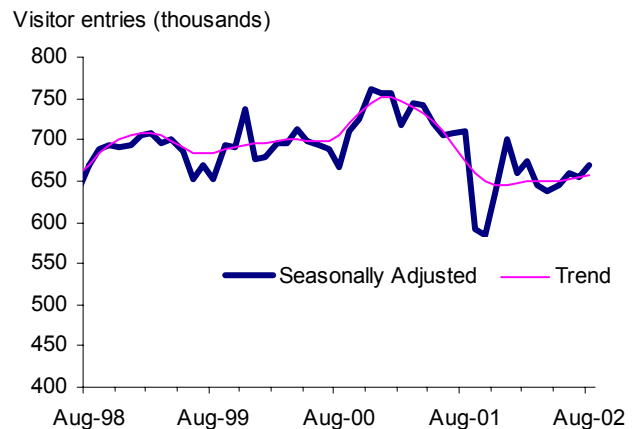


Table 1. Room Revenue* Summary

Accommodation Type			
	Jul.02 (\$000)	Jun.02 (\$000)	% change
Total	123,580	124,711	-0.9
Hotels	92,151	93,369	-1.3
Motels	15,811	15,746	+0.4
Other Acc.	15,639	16,196	-3.4
Regions (Top 3 performers)			
Thompson-Okanagan	17,153	16,660	+3.0
North Coast	1,524	1,484	+2.7
Northeast	2,757	2,785	-1.0

*Seasonally adjusted room revenue

Other indicators

In **September**, Coquihalla highway traffic was up slightly (+0.1%) over last year's levels. Both vehicle (+3.0%) and passenger traffic (+1.3%) on BC Ferries also grew compared with September 2001. The hotel industry's occupancy rate was 79.9% in August, the highest it has been since 1997.

A Look Ahead...

Preliminary numbers for August show room revenues up 1.4% (seasonally adjusted). Unadjusted numbers show a 2.8% increase from the same month of 2001.

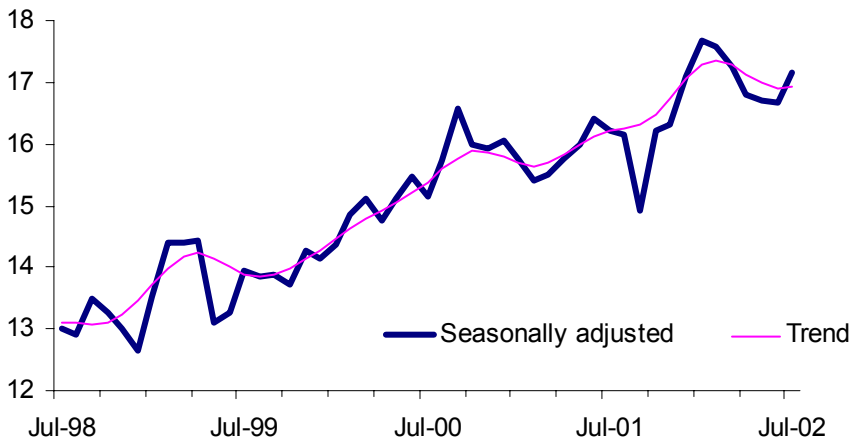
Tourism Trends

Room Revenue

Room revenues fell slightly (-0.9%) through July to \$123.6 million (seasonally adjusted). The largest factors in the provincial drop were decreases in both Mainland/Southwest (-1.1%) and Vancouver Island/Coast (-1.8%). Near perfect weather conditions experienced in the Thompson-Okanagan region likely aided in its 3.0% increase in revenues in July, which ended five straight months of decline. North Coast also bounced back from a drop in June with growth in July (+2.7%). Revenues in Kootenay (-4.6%) and Cariboo (-4.3%) decreased since June.

Thompson/Okanagan starts to recover from five months of decline

Room Revenue (\$ millions)



Revenue generated by large hotels (greater than 250 rooms) fell back (-3.8%) from the high levels experienced in June. Small hotels (75 rooms or less) continued to inch up (+0.5%) through July, and hotels with 151 to 249 rooms had the largest increase (+1.7%). Vacation rental revenue (-2.3%) fell for the third straight month, but is still 1.0% ahead this year-to-date compared to 2001.

Visitor Entries

Visitor entries to BC from the US and overseas increased 1.5% (seasonally adjusted) between July and August. Border crossings with the US were kept busy (+2.0%) with more same-day and overnight travellers crossing into Canada from the States. However, entries from overseas sources were down 0.8%, continuing a general decline that has been apparent for over a year. Entries from Asia, where six out of every ten overseas visitors to BC originate, fell 0.5% while European entries edged up 0.2%, posting the first increase in nine months. The number of visitors from Australia, New Zealand, and other South Pacific sources rose 0.9% between July and August.

Canadian travel outside the country was up slightly (+0.5%) from July. There were 2.9% more Canadians returning from same-day car trips to the US. The number of Canadians returning home via BC from travel abroad fell 1.8% in August.

Overseas entries into BC continue downward trend since late 2000

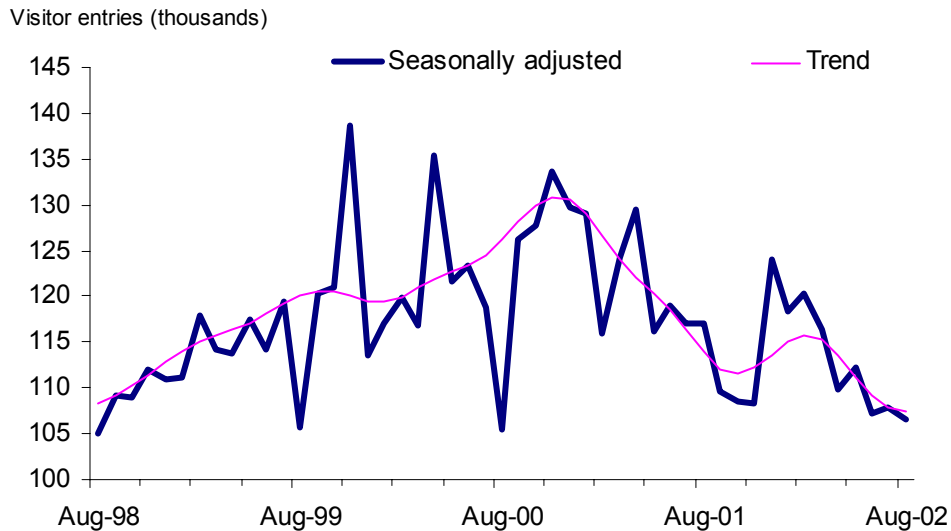


Table 2. Traveller Entries (seasonally adjusted)

	Aug-02 (‘000)	Jul-02 (‘000)	% chg from Jul-02
American visitors			
Total	557	546	2.0
Same-day	234	231	1.6
Overnight	316	313	1.1
Overseas visitors			
Total	108	108	-0.8
Europe	31	31	0.2
UK	16	16	0.7
Asia	61	61	-0.5
Japan	21	22	-4.7
Taiwan	8	7	3.3
Oceania	10	10	0.9
Canadian re-entries			
Total	600	597	0.5
From overseas	76	77	-1.8
From US same-day auto	291	282	2.9

(BC STATS & Statistics Canada)

Other Tourism Indicators

In September, air passenger traffic in Victoria fell to 90,400 as the peak of the tourist season came to an end. Vancouver airport saw less (-7.7%) traffic compared with August of 2001, continuing the lower levels that have existed since September 2001.

Traffic on BC Ferries continued to be higher than last year as both vehicle (+3.0%) and passenger traffic (+1.3%) increased in September. Coquihalla highway traffic was also up 0.1%, compared to September 2001. This marks five straight months of higher traffic on both BC Ferries and the Coquihalla when compared to the same month of last year.

The occupancy rate at BC hotels peaked at 79.9% in August, the highest it has been since August 1997. The average cost for a room during that month was \$138.12 which was 1.6% higher than it was last year. Employment in many tourism related industries also grew since August of last year. Food and beverages services (+1.6%), arts, entertainment and recreation (+6.5%), and heritage institutions (+3.4%) all saw increases in employment during August. The accommodation industry had 4.6% less workers in July despite room revenue falling just 1.6% behind last July's levels.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	Aug-02	79.9%	0.4 pp.
Average room charge	Aug-02	\$138.12	1.6%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers			
		(000s)	(%)
Vancouver International Airport			
Total traffic	Aug-02	1,661	-7.7
US	Aug-02	470	-8.7
Other International	Aug-02	401	-5.5
Canada	Aug-02	790	-8.2
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	Sep-02	90	13.1
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts			
		(\$ millions)	(%)
Full service	Aug-02	268	-1.2
Limited service	Aug-02	157	-1.6
Drinking places	Aug-02	27	-17.0
<i>(Statistics Canada)</i>			
Transportation			
		(000s)	(%)
Coquihalla Highway			
Passenger Vehicles	Sep-02	251	0.1
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	Sep-02	752	3.0
Passenger Volume	Sep-02	1,927	1.3
<i>(BC Ferries)</i>			
Exchange Rates			
		Cdn \$	Change from year ago
US \$	Sep-02	1.576	0.008
UK Pound	Sep-02	2.453	0.157
Japanese Yen	Sep-02	0.013	0.000
Australian \$	Sep-02	0.861	0.070
<i>(Statistics Canada)</i>			

SPECIAL FOCUS: Vancouver Island/Coast

Introduction

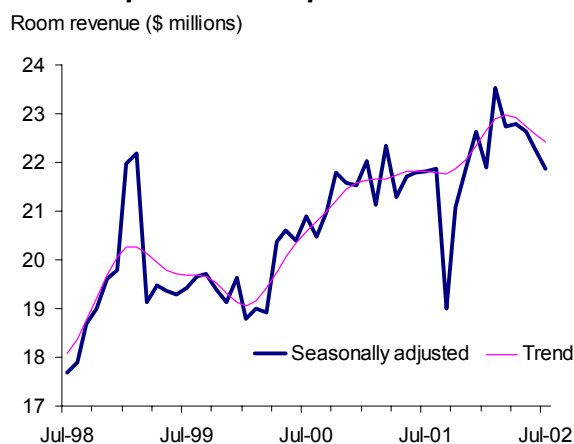
Vancouver Island/Coast is made up of seven regional districts, with the Capital being the most densely populated and accounting for the majority of the region's tourism activity. Victoria, Nanaimo, and Port Alberni are among the urban centres in this region.

Vancouver Island/Coast offers visitors a variety of activities. The region is filled with many excellent fishing locations, with the largest number of fishing lodges (44) of any development region in the province. The Island gives visitors the opportunity to explore the Capital city where whale watching and guided tours are popular attractions. Vancouver Island/Coast also has a handful of accommodations for cross-country or downhill skiing during the winter months.

Room Revenue

Room revenue in the Vancouver Island/Coast region had a strong start to 2002 with first quarter revenues up 3.9% (seasonally adjusted) from the last quarter of 2001. Despite slipping slightly (-0.6%) in the second quarter, revenues this year to date are higher than they have ever been.

Vancouver Island/Coast room revenues slip in second quarter of 2002



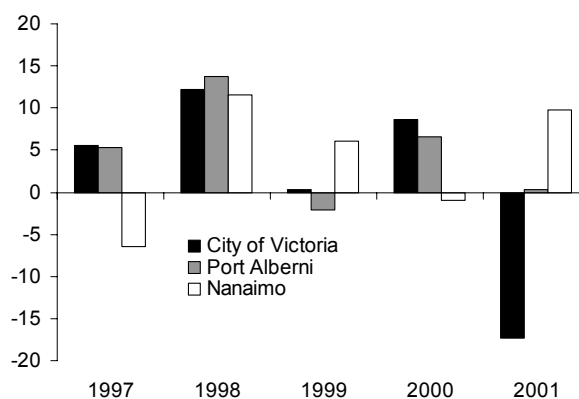
Over the past four years, room revenues in the area have been volatile. Tourism on the Island was boosted during late 1998 and early

1999 by visitors coming to see the popular Leonardo da Vinci exhibit on display at Royal British Columbia Museum from October 1, 1998 through March 6, 1999.

Revenue in the region climbed steadily during 2000 and the first half of 2001, but plunged following the terrorist attacks in the US. The region recovered quickly from the effect of September 11th returning to its upward trend. The terrorist attacks had a large effect on revenues in Victoria, but a much smaller effect on the other urban centres. The unadjusted revenues in September 2001, when compared with the same month of the previous year, fell 17.4% in Victoria, but actually increased in some urban centres such as Nanaimo (+9.8%) and Port Alberni (+0.3%).

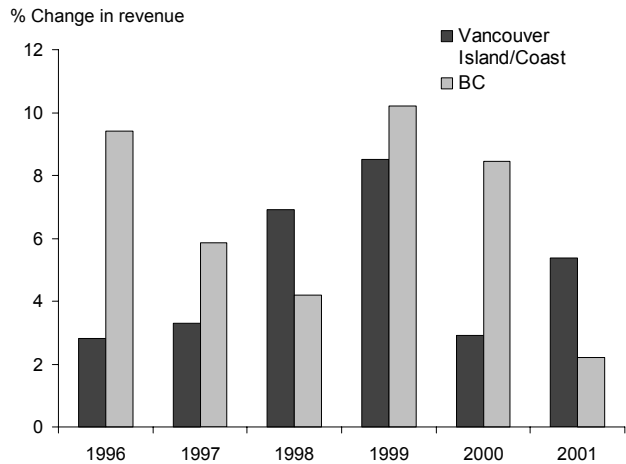
Victoria suffered the most from the September 11th attacks

% Change from previous September

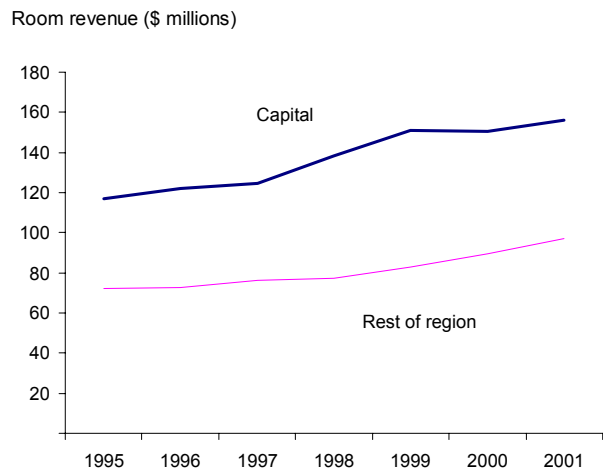


Room revenue in Vancouver Island/Coast grew faster than that of the province in 1998 and 2001, but lagged behind in the other years since 1995.

Outperformed the province in 2001

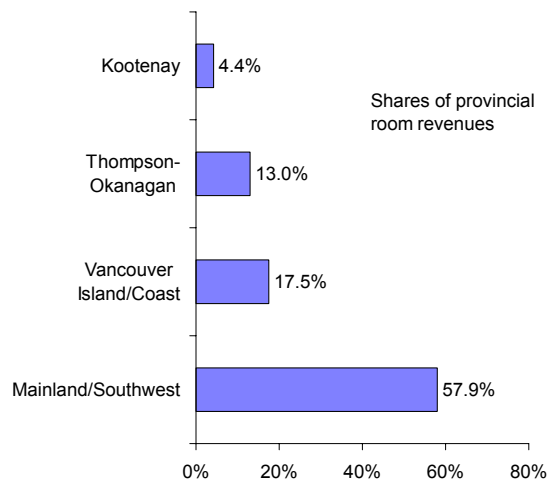


Capital experienced strong growth in 1998 and 1999



The Vancouver Island/Coast development region ranked second, behind Mainland/Southwest, in terms of room revenue generated in the province. The area was responsible for 17.5% of the revenues in 2001. This was down from 19.4% in 1995.

Distribution of provincial room revenues by region in 2001



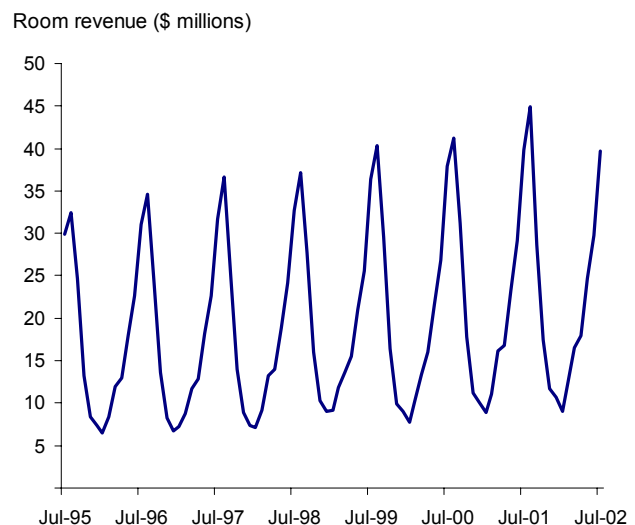
Urban Centres

Victoria made up almost half (48%) of room revenues for Vancouver Island/Coast in 2001. Other areas of the Capital regional district contributed 13% and Nanaimo added 6%. Unadjusted room revenues in Nanaimo saw the biggest jump in 2001, growing 8.3%. Victoria also saw increases (+5.1%) and Port Alberni slipped (-5.1%).

Seasonality

Room revenues show strong seasonal fluctuations in Vancouver Island/Coast. Starting in January, revenues tend to rise for eight months, peaking in August and then plunge for the last four months of the year.

Revenues in Vancouver Island/Coast are highly seasonal



Regional Districts

The Capital Regional District was responsible for about 60% of the room revenue in Vancouver Island/Coast in 2001. Growth in room revenues in the Capital deviated from the other districts in 1998 and 1999 when the Capital experienced stronger growth than the rest of the development region. In 2000, the other districts outperformed the Capital.