

Tourism Sector Monitor ♦ January 2003

Highlights

Room Revenue

Room revenue in the province grew 9.0% (seasonally adjusted) to \$128.8 million in **October**. This was a strong rebound from the decline experienced in September. Revenues expanded in most areas, and were strongest in the large regions of Mainland/Southwest (+12.5%), Thompson-Okanagan (+10.7%) and Vancouver Island/Coast (+4.1%).

Room revenues bounce back in October

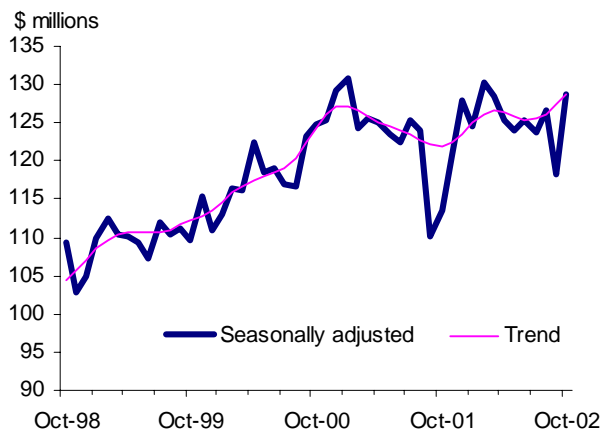


Table 1. Room Revenue* Summary

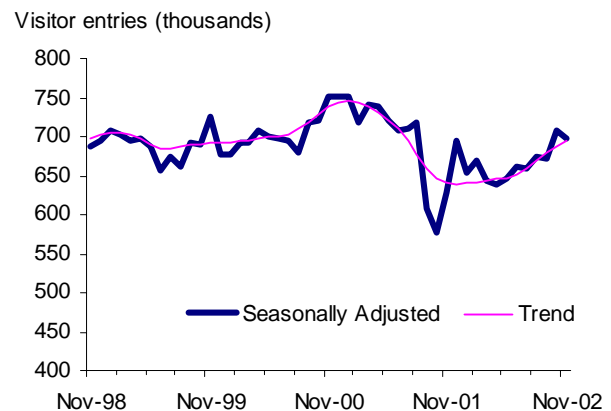
Accommodation Type			
	Oct.02 (\$000)	Sep.02 (\$000)	% change
Total	128,777	118,137	+9.0
Hotels	94,882	89,256	+6.3
Motels	16,160	15,496	+4.3
Other Acc.	17,764	16,535	+7.4
Regions (Top 3 performers)			
Mainland/Southwest	73,752	65,558	+12.5
Thompson-Okanagan	17,908	16,172	+10.7
Vancouver Island/ Coast	22,128	21,264	+4.1

*Seasonally adjusted room revenue

Visitor Entries

The number of visitors to Canada that entered via BC border crossings dropped in **November**, falling 1.6% (seasonally adjusted). This was due to less travel from both the US (-1.6%) and overseas (-1.9%). The number of Canadians returning to BC from abroad rose (+0.6%) for the eighth straight month.

Visitor entries decline in November



Other Indicators

Both vehicle (+3.7%) and passenger (+3.1%) traffic on BC Ferries remained higher than last year's levels in **December**. Coquihalla highway traffic was up (+9.7%) for the eighth month in a row. There were more trans-border (+7.0%) and other international (+20.1%) flight passengers in Vancouver airport in **November**, but fewer people were flying domestically (-1.9%).

A Look Ahead...

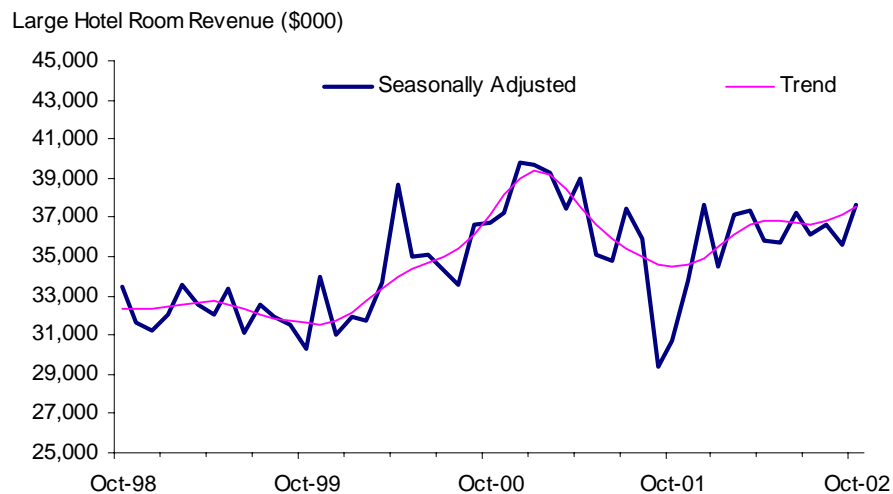
Preliminary numbers for November show room revenues down 3.0% (seasonally adjusted). Unadjusted numbers show a 0.8% increase from the same month of 2001.

Tourism Trends

Room Revenue

Room revenues grew (+9.0%, seasonally adjusted) to \$128.8 million in October, rebounding from a low (-6.7%) in September. A jump in revenues in Mainland/Southwest (+12.5%) paved the way for the province's recovery. This was a strong improvement from the 9.0% decline in the previous month in this region. Vancouver Island/Coast (+4.1%) and Thompson-Okanagan (+10.7%) followed suit with sizeable gains. North Coast (-7.7%) and Kootenay (-2.8%) were the only regions that saw revenues slip in October.

Large hotel revenue tends to be the most volatile



Revenue generated by all types of establishments increased in October. Large hotels with at least 250 rooms (+5.6%) and hotels with 76-150 rooms (+10.8%) saw the largest jumps in revenues. Motels had a sizeable increase (+4.3%) which offset a decline experienced in September (-4.0%). Vacation rentals (+7.9%) encountered higher revenues for the third straight month.

The slide in revenues in September and rise in October follows the pattern of visitor entries for those two months. September (-0.8%) saw the first decline in the number of foreign travellers coming into BC in five months, then entries rebounded strongly in October (+5.2%). The number of people staying in establishments in BC during these months also supports this pattern. The occupancy rate in September was 4.8% higher than in September 2001, whereas the occupancy rate in October jumped 10.2% compared to one year earlier.

Revenues from all types of establishments grew in October.

Visitor Entries

Visitor entries to Canada through BC border crossings slipped in November, dropping 1.6% (seasonally adjusted). The decline in entries was largely due to fewer people entering from the US (-1.6%). A decrease in the number of people taking overnight trips from the US (-4.1%) more than offset a rise in the number of same-day visitors (+1.3%). Entries from overseas were also down (-1.9%) due to fewer visitors from Asian countries (-8.3%). The number of travellers from Europe (+15.9%) and the South Pacific (+2.7%) rose in November.

Fewer visitors from the US and Asia reduced border crossings in November.

The number of Canadians making same-day trips from BC to the US grew (+2.8%) for the fourth straight month. There were also more Canadians returning from trips overseas (+2.0%) in November. Total Canadian re-entries (+0.6%) have been on the rise since April 2002.

Asian entries finally level off after strong growth over last few months

Asian visitor entries (thousands)

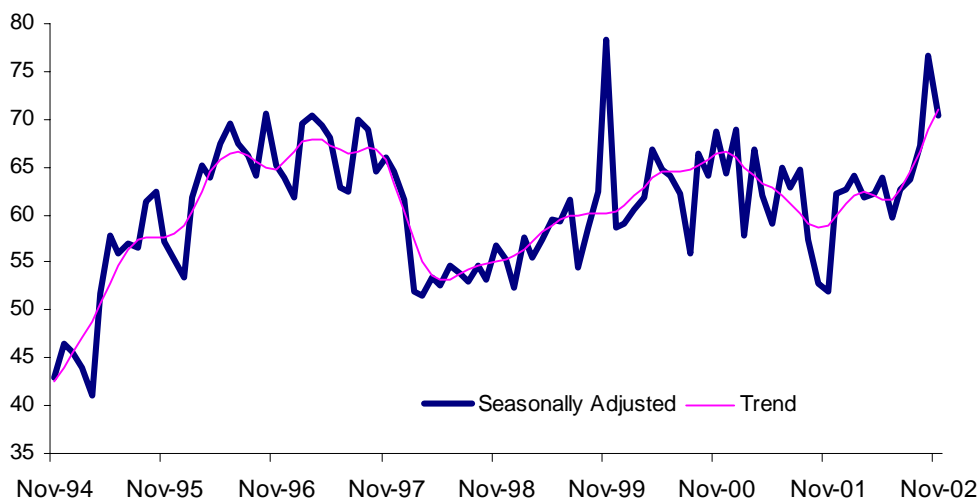


Table 2. Traveller Entries (seasonally adjusted)

	Nov-02 ('000)	Oct-02 ('000)	% chg from Oct-02
American visitors			
Total	565	574	-1.6
Same-day	253	250	1.3
Overnight	313	327	-4.1
Overseas visitors			
Total	127	129	-1.9
Europe	40	35	15.9
UK	19	17	15.0
Asia	70	77	-8.3
Japan	26	29	-11.1
Taiwan	8	12	-35.0
Oceania	10	10	2.7
Canadian re-entries			
Total	643	639	0.6
From overseas	80	78	2.0
From US same-day auto	343	334	2.8

(BC STATS & Statistics Canada)

Other Tourism Indicators

Air passenger traffic in Vancouver rose to 963,000 in November, 4.7% higher than November 2001. The rise was due to increases in both trans-border (+7.0%) and other international travel (+20.1%) more than offsetting a reduction in the number of people taking domestic flights (-1.9%).

Restaurant, caterer, and tavern receipts in British Columbia increased 2.6% in November, reaching \$433.6 million (seasonally adjusted). Drinking places in BC experienced a 5.8% jump in sales in November, whereas food services saw a more moderate increase of 2.4%.

The BC Ferries were busier over the holidays in December 2002 carrying more vehicle (+3.7%) and passenger (+3.1%) traffic than in December 2001.

Annual

There were more travellers on BC Ferries in 2002 as both passenger (+1.1%) and vehicle (+1.7%) traffic rose over the previous year. Air passenger traffic fell in Victoria (-4.8%), Kelowna (-1.6%), and Prince George (-10.1%) airports as cutbacks occurred in most regions during the year. The Coquihalla highway was busier in 2002 as more passenger vehicles (+2.8%) passed through its tollbooths than in 2001.

Air passenger traffic at BC's main regional airports was down in 2002.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	Nov-02	45.9%	0.9 pp.
Average room charge	Nov-02	\$94.3	1.1%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers		(000s)	(%)
Vancouver International Airport			
Total traffic	Nov-02	963	4.7
US	Nov-02	227	7.0
Other International	Nov-02	229	20.1
Canada	Nov-02	507	-1.9
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	Dec-02	90	1.5
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts		(\$ millions)	(%)
Full service	Nov-02	208	1.8
Limited service	Nov-02	145	7.3
Drinking places	Nov-02	24	-12.0
<i>(Statistics Canada)</i>			
Transportation		(000s)	(%)
Coquihalla Highway			
Passenger Vehicles	Dec-02	151	9.7
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	Dec-02	619	3.7
Passenger Volume	Dec-02	1,572	3.1
<i>(BC Ferries)</i>			
Exchange Rates		Cdn \$	Change from year ago
US \$	Dec-02	1.559	-0.018
UK Pound	Dec-02	2.473	0.200
Japanese Yen	Dec-02	0.013	0.000
Australian \$	Dec-02	0.877	0.066
<i>(Statistics Canada)</i>			

SPECIAL FOCUS: Tourism-Related Establishments

The size of the tourism sector

There are several ways to measure the size of the tourism sector in the economy. Estimating room revenue and the number of visitors entering the province have contributed to our understanding of the role that tourism plays in BC. Another way to determine the size of the sector is to look at how many businesses exist in industries that are dependent on tourism. In 2001, a total of 17,966 tourism-related¹ establishments² operated in British Columbia. This is slightly less than the number in the previous year (18,021). One in ten of the total number of business establishments in BC (157,421) was tourism-related in 2001.

Which industries are included?

Most establishments in tourism-related industries were in food and beverage services (9,450). Within this industry, full-service restaurants accounted for the largest number of businesses (4,511). Transportation was the next largest industrial group with 3,502 establishments.

Industrial Group	Establishments	% of total
Food & beverage	9,450	53%
Transportation	3,502	19%
Accommodation	2,108	12%
Amusement, gambling & recreation	1,822	10%
Performing arts, spectator sports & related	886	5%
Heritage institutions	198	1%
Total	17,966	

Transit and ground passenger transportation (1,094) accounted for the largest share of the transportation establishments, more than air, rail, and water combined. There were 1,822 amusement, gambling, and recreation establishments in BC, including 256 golf and country clubs.

Most businesses in the Southwest

Most (85%) of the establishments are located in the three large southwestern development regions, with over half in Mainland/Southwest.

Development Region	Establishments	% of total
Mainland/Southwest	9,897	55%
Vancouver Island/Coast	3,081	17%
Thompson/Okanagan	2,374	13%
Kootenay	948	5%
Cariboo	762	4%
Northeast	327	2%
North Coast	315	2%
Nechako	245	1%
Total*	17,966	

Many large establishments

Close to 4 in 10 of the tourism-related establishments have 10 employees or more. This is considerably different from the total industrial aggregate, where less than a quarter of all businesses have 10 or more employees. Almost 8% of the tourism-related businesses have at least 50 employees.

Number of Employees	Establishments	% of total
1 - 4	7,842	44%
5 - 9	3,259	18%
10 - 19	2,974	17%
20 - 49	2,490	14%
50 - 199	1,270	7%
200 +	131	1%
Total	17,966	

¹ "Tourism-related" industries, for the purpose of this analysis, are defined as those industries that are dependent on tourism activity.

² An establishment is the smallest unit of a company capable of reporting full financial statistics and must have at least 1 employee. Establishments are often equivalent to "plants" or "locations."

* Components do not sum exactly to the total because some establishments do not have geographic codes.