

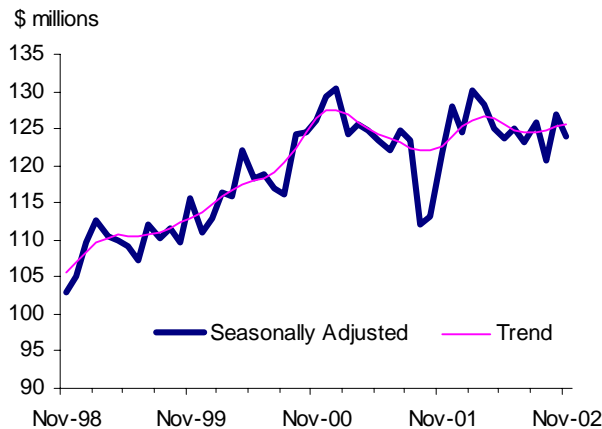
Tourism Sector Monitor ♦ February 2003

Highlights

Room Revenue

Room revenues in the province slipped 2.3% (seasonally adjusted) to \$124.0 million in **November**, after a relatively strong increase in October (+5.2%). Revenues were down in 5 of the 8 regions, including the largest region of Mainland/Southwest (-3.0%). Vancouver Island/Coast (-0.5%) and Thompson-Okanagan (-3.1%) also saw revenues fall through November.

Room revenues dip in November



Visitor Entries

The number of visitors entering Canada via BC border crossings increased in **December**, rising 1.5% (seasonally adjusted). This was due to more travel from the US (+2.1%) by way of both same-day (+0.9%) and overnight trips (+3.1%). There was a decline in the number of visitors from overseas (-1.5%).

The number of visitors to BC rose in December

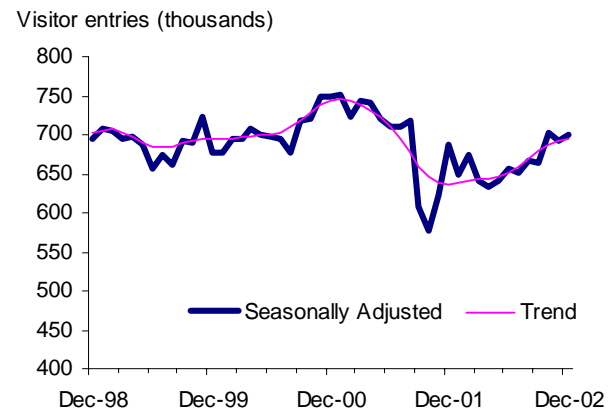


Table 1. Room Revenue* Summary

Accommodation Type			
	Nov.02 (\$000)	Oct.02 (\$000)	% change
Total	124,009	126,892	-2.3
Hotels	91,329	93,541	-2.4
Motels	15,552	16,088	-3.3
Other Acc.	16,969	16,985	-0.1
Regions (Top 3 performers)			
Cariboo	4,219	3,875	+8.9
Nechako	774	747	+3.6
North Coast	1,519	1,469	+3.4

*Seasonally adjusted room revenue

Other Indicators

The average occupancy rate in the hotel industry increased to 42.5% in **December**, 0.9 percentage points more than the same month of last year. The average room rate rose \$6.32 to \$117.45. Air passenger traffic in Vancouver climbed to 1,158,000 in December, 4.3% higher than December 2001.

A Look Ahead...

Preliminary numbers for December show room revenues up 5.4% (seasonally adjusted). Unadjusted numbers show a 5.6% increase from the same month of 2001.

Tourism Trends

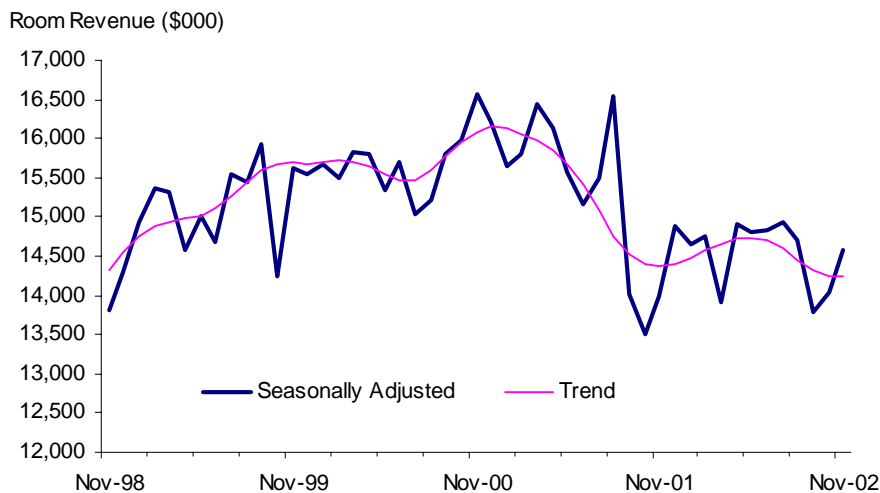
Room Revenue

Room revenues declined (-2.3%, seasonally adjusted) to \$124.0 million in November, after growing 5.2% in the previous month. Revenues were down in five of the regions, including Mainland/Southwest (-3.0%), Vancouver Island/Coast (-0.5%), Thompson-Okanagan (-3.1%) and Kootenay (-1.6%). Nechako (+3.6%), Cariboo (+8.9%) and North Coast (+3.4%) were the only ones to escape the general downturn. Revenues from Northeast (-11.1%) dropped back after being relatively high during the previous two months.

Revenue generated by most types of establishments fell in November. Large hotels with at least 250 rooms (-5.9%) saw the biggest decrease in revenues. Motels (-3.3%) and vacation rentals (-2.1%) also collected less revenue in November after experiencing increases in the previous month. Revenues from mid-sized hotels¹ (+3.9%) in the province rose during the month, despite the downfall experienced by the majority of other types of establishments.

Large hotels lost ground in November

Revenues from mid-sized hotels in BC grew during November



¹ Mid-sized hotels have between 151 and 250 rooms.

Visitor Entries

Visitor entries to Canada through BC border crossings rose in December (+1.5%, seasonally adjusted). More visitors entering from the US (+2.1%) brought about the monthly advance. The number of same-day visitors from the US climbed (+0.9%) for the fifth straight month. Overnight trips from the US were also on the rise (+3.1%). December saw fewer (-1.5%) visitors from overseas however. Asian entries continued to slip (-4.9%) for the second month in a row, and the number of travellers from Europe declined (-7.5%) after jumping (+15.8%) in the previous month. Entries from the South Pacific (+9.5%) increased in December, partially offsetting the drop in visitors from Asia and Europe.

More same-day and overnight visitors from the US kept BC border crossings busy in December.

The number of Canadians re-entering the country through BC borders increased (+0.7%) in December. Re-entries climbed through almost all of the year, with the last monthly decline (-1.1%) occurring in March. However, re-entries remain well below the levels seen prior to 2001. The number of Canadians returning from overseas trips rose (+3.6%) while a slight decline (-0.2%) was observed in re-entries by Canadians who were on same-day auto trips to the US.

Canadian re-entries are recovering slowly but steadily from September 2001

Canadian re-entries (thousands)

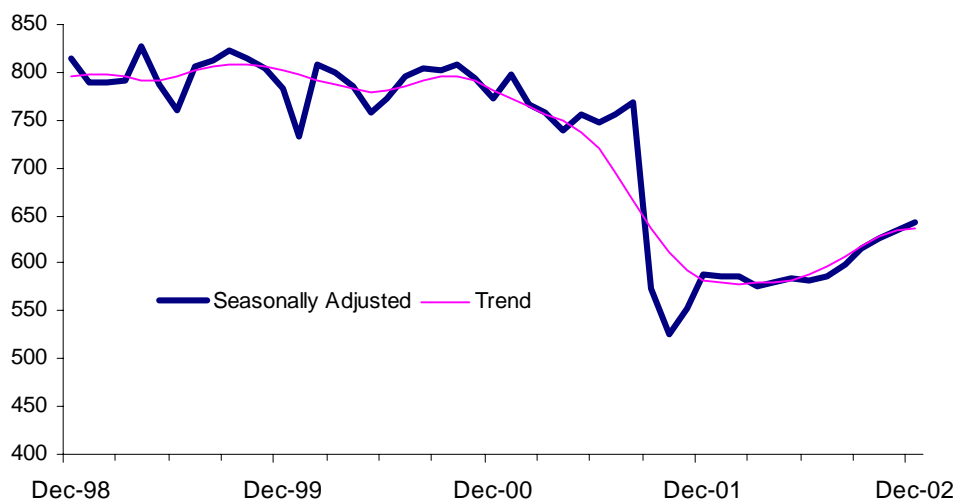


Table 2. Traveller Entries (seasonally adjusted)

	Dec-02 (‘000)	Nov-02 (‘000)	% chg from Nov-02
American visitors			
Total	578	566	2.1
Same-day	253	250	0.9
Overnight	327	317	3.1
Overseas visitors			
Total	120	122	-1.5
Europe	36	39	-7.5
UK	18	18	-0.4
Asia	64	67	-4.9
Japan	20	25	-18.9
Taiwan	7	7	-5.2
Oceania	11	10	9.5
Canadian re-entries			
Total	639	635	0.7
From overseas	83	80	3.6
From US same-day auto	333	334	-0.2
<i>(BC STATS & Statistics Canada)</i>			

Other Tourism Indicators

Air passenger traffic in Vancouver rose to 1,158,000 in December, 4.3% higher than December 2001, with higher volumes on all types of flights. Trans-border (+9.3%), other international travel (+5.0%) and domestic traffic (+1.8%) all increased. The regional airports also saw higher traffic volumes than in December 2001. Victoria (+5.0%), Kelowna (+4.3%), and Prince George (+10.8%) all had more travellers using their airports.

Passenger traffic through BC airports picked up in December 2002.

Restaurant, caterer and tavern receipts in the province slipped 1.4% (seasonally adjusted) in December, as consumers held back in their spending at food service establishments (-1.5%). Drinking places saw their business increase 1.0% in December.

Annual Indicators

The average occupancy rate in the hotel industry in BC remained unchanged in 2002 at 59.3%. The peak (occurring in August) was 79.9% which was 0.4 percentage points higher than in August of 2001. The average room rate rose slightly from \$116.12 in 2001 to \$118.20 last year.

Restaurant, caterer, and tavern receipts fell 1.3% in 2002, largely because spending at taverns dropped off sharply (-14.5%), continuing a four-year-long downturn. Restaurants and caterers fared better, but still saw receipts edge down 0.4% last year.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	Dec-02	42.5%	0.9 pp.
Average room charge	Dec-02	\$117.45	5.7%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers			
		(000s)	(%)
Vancouver International Airport			
Total traffic	Dec-02	1,158	4.3
US	Dec-02	289	9.3
Other International	Dec-02	270	5.0
Canada	Dec-02	599	1.8
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	Dec-02	90	1.5
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts			
		(\$ millions)	(%)
Full service	Dec-02	232	0.0
Limited service	Dec-02	151	6.6
Drinking places	Dec-02	23	-14.3
<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>			

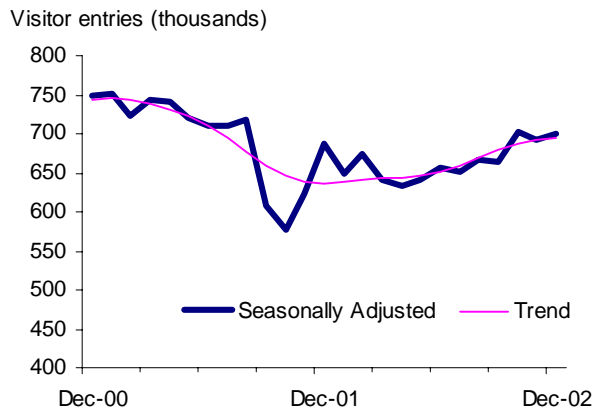
note: pp. percentage points

SPECIAL FOCUS: Visitor Entries in 2002

Visitor entries on a slow recovery path

After slipping (-2.0%) in 2001, the number of travellers entering Canada via BC border crossings continued to fall (-3.8%), dropping to 7,999,200 in 2002. Although entries have been recovering from a low in the fourth quarter of 2001, it has been a slow climb up from the trough. Although entries plunged in late 2001, they were also falling earlier in the year. They have been recovering in 2002, rising in 7 months of the year, but are still below historical levels.

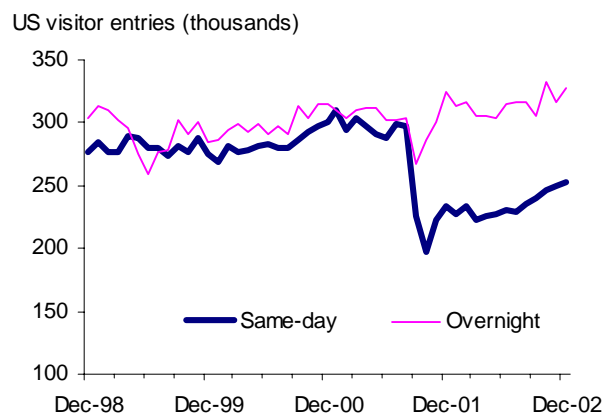
Visitor entries trended up throughout 2002



US entries rise throughout 2002, but are still much lower than before

The number of people entering BC from the US slipped in 2002 (-4.1%) to 6,611,800. US entries play a large role in the overall trend for BC because they make up the lion's share of visitors. Over the past decade, the number of US visitors on overnight trips to Canada through BC border crossings has been increasing. Last year was no exception, as the number of overnight travellers grew 3.8% to 3,775,000. This partially offset a drop in same-day visitors (-13.4%) in 2002, which have been down since September 2001, partially due to increased border delays after the terrorist attacks.

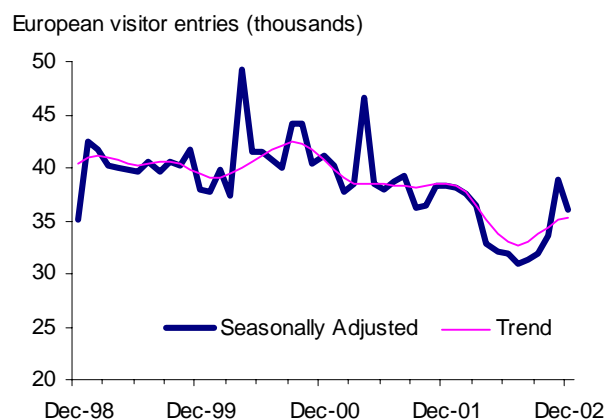
US same-day visitors have been down since September 11, 2001



Overseas entries declined in 2002

There were fewer travellers to BC (-2.2%) from overseas last year largely because the number of travellers from Europe (-11.7%) and the South Pacific (-10.5%) fell. Entries from Asia (+4.4%) were up, but did not increase enough to offset the decline in entries from other regions. Entries from Europe remained weak for most of 2002, reaching a third quarter low of 94,200 (seasonally adjusted), the smallest number of travellers seen since the second quarter of 1994.

Entries from Europe fell through the first half of the year



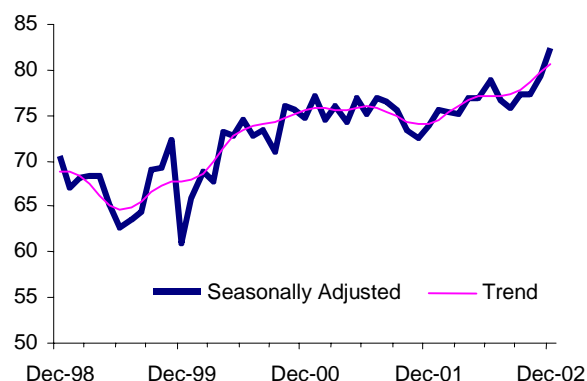
Canadian re-entries continue to fall

The number of Canadians re-entering the country via BC continued to fall (-12.8%) in 2002. For more than a decade, the number of Canadian travellers returning from same-day car trips to the US has been dropping off largely because the Canadian dollar has been so weak. There were 22.8% fewer such travellers than in 2001. Increased border delays after the terrorist attacks have also affected same-day car trips over the past year. The number of Canadians re-entering from overseas countries (+3.1%) has had quite the opposite trend. Over the past decade, with the exception of 1999, each year has seen more overseas returns. After only a slight decline in the last quarter of 2001, re-entries from overseas almost completely

recovered from a downturn in late 2001, and returned to its previous path.

The upward trend in the number of Canadians returning to BC from overseas persisted in 2002

Canadian re-entries from overseas (thousands)



Visitor Entries

Traveller Entries to Canada via BC (000s)												
Period	International								Canadian			
	Total	USA			Overseas				Total	USA same-day auto	Overseas	
		Total	Same-day	Overnight	Total	Asia	Europe	Oceania*				
1993	5,476.8	4,635.7	2,169.2	2,466.4	841.2	403.3	330.2	70.7	15,948.8	12,068.1	510.3	
1994	5,999.2	5,036.0	2,405.4	2,630.6	963.2	462.0	375.1	85.6	13,552.2	9,993.0	553.1	
1995	6,577.2	5,368.6	2,488.2	2,880.4	1,208.6	646.4	418.8	109.9	13,501.6	9,885.3	581.3	
1996	6,906.6	5,494.4	2,611.7	2,882.7	1,412.1	778.3	467.5	116.3	13,710.2	9,802.0	670.8	
1997	7,322.8	5,892.6	2,798.2	3,094.4	1,430.2	798.0	449.1	122.1	13,427.5	9,328.6	767.3	
1998	7,844.6	6,549.0	3,124.2	3,424.7	1,295.7	652.7	449.4	118.2	10,451.3	6,734.9	799.7	
1999	8,269.2	6,861.7	3,370.2	3,491.5	1,407.5	716.0	484.6	126.0	9,588.1	5,813.1	798.7	
2000	8,481.7	7,006.0	3,407.1	3,598.8	1,475.8	758.9	498.0	133.8	9,435.2	5,639.0	866.4	
2001	8,312.5	6,894.5	3,257.7	3,636.8	1,418.0	731.8	466.3	131.9	8,328.6	4,720.3	902.8	
2002	7,999.2	6,611.8	2,820.9	3,774.9	1,387.4	764.0	411.8	118.0	7,264.9	3,646.4	930.9	
Percentage Change												
1993	3.1	2.2	4.0	0.7	8.5	8.0	10.5	0.8	-12.8	-15.3	10.0	
1994	9.5	8.6	10.9	6.7	14.5	14.5	13.6	21.0	-15.0	-17.2	8.4	
1995	9.6	6.6	3.4	9.5	25.5	39.9	11.7	28.3	-0.4	-1.1	5.1	
1996	5.0	2.3	5.0	0.1	16.8	20.4	11.6	5.9	1.5	-0.8	15.4	
1997	6.0	7.2	7.1	7.3	1.3	2.5	-3.9	4.9	-2.1	-4.8	14.4	
1998	7.1	11.1	11.7	10.7	-9.4	-18.2	0.1	-3.1	-22.2	-27.8	4.2	
1999	5.4	4.8	7.9	2.0	8.6	9.7	7.8	6.6	-8.3	-13.7	-0.1	
2000	2.6	2.1	1.1	3.1	4.8	6.0	2.8	6.2	-1.6	-3.0	8.5	
2001	-2.0	-1.6	-4.4	1.1	-3.9	-3.6	-6.4	-1.4	-11.7	-16.3	4.2	
2002	-3.8	-4.1	-13.4	3.8	-2.2	4.4	-11.7	-10.5	-12.8	-22.8	3.1	

* Australia, New Zealand, and other South Pacific nations