

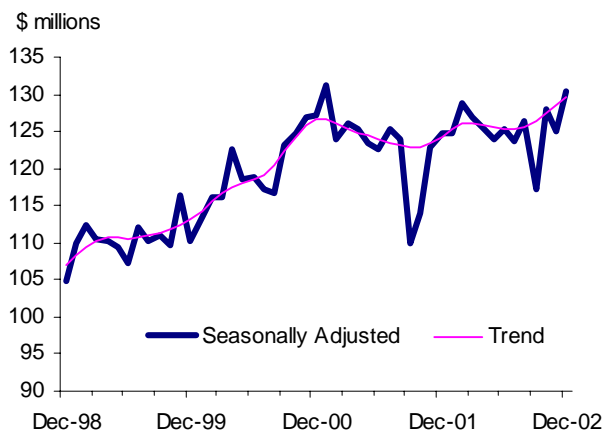
## Tourism Sector Monitor ♦ March 2003

### Highlights

#### Room Revenue

Room revenues in the province rose 4.4% (seasonally adjusted) in **December**, after slipping 2.3% in November. Revenues were up in the four large regions of the province, including Mainland/Southwest (+5.4%), Vancouver Island/Coast (+5.5%) and Thompson-Okanagan (+3.2%). Room revenues were down in the other four regions, with Northeast (-6.5%) seeing the largest decline.

Room revenues climb in December

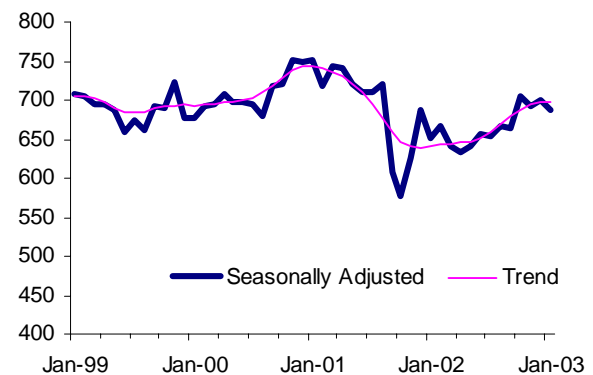


#### Visitor Entries

The number of visitors entering Canada via BC border crossings decreased in **January**, falling 2.0% (seasonally adjusted). This was due to fewer travellers from the US by way of both same-day (-1.3%) and overnight (-2.4%) trips. There was a slight increase (+0.1%) in the number of visitors from overseas.

The number of visitors entering the country through BC falls in January

Visitor entries (thousands)



**Table 1. Room Revenue\* Summary**

Accommodation Type			
	Nov.02 (\$000)	Oct.02 (\$000)	% change
Total	130,400	124,932	+4.4
Hotels	97,087	91,573	+6.0
Motels	15,766	15,541	+1.5
Other Acc.	17,524	16,668	+5.1
Regions (Top 3 performers)			
Vancouver Island/ Coast	23,474	22,248	+5.5
Mainland/Southwest	74,560	70,718	+5.4
Kootenay	5,829	5,599	+4.1

\*Seasonally adjusted room revenue

#### Other Indicators

Both vehicle (+5.0%) and passenger (+5.2%) traffic increased on BC Ferries in **January** compared to the same month of 2002. The Coquihalla highway had 5.8% more passenger vehicles drive through its tollbooths. Restaurant, caterer and tavern receipts rose 0.7% compared to January 2002.

#### A Look Ahead...

Preliminary numbers for January 2003 show room revenues up 1.5% (seasonally adjusted). Unadjusted numbers show an 8.0% increase from the same month of 2002.

## Tourism Trends

### Room Revenue

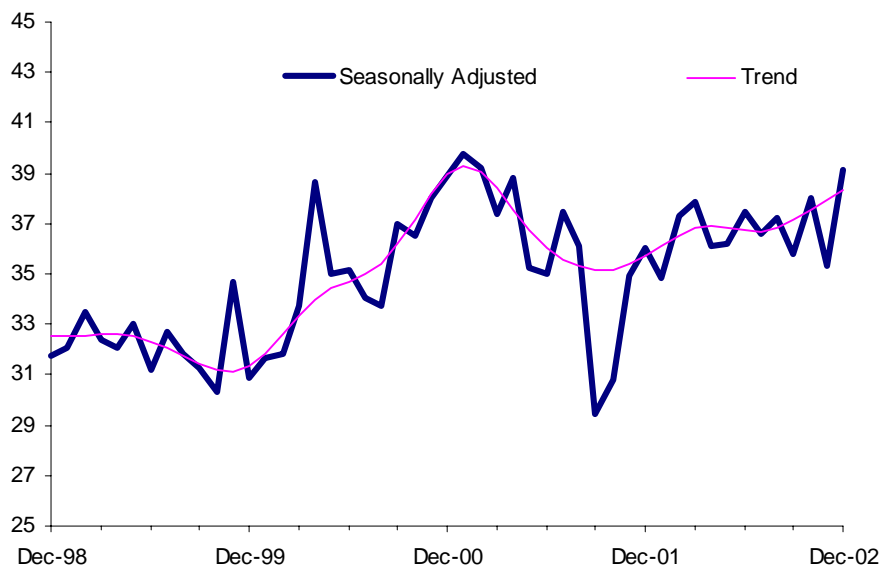
Room revenues rose (+4.4%, seasonally adjusted) in December, after slipping 2.3% in the previous month. Revenues were up in the four larger regions of the province, including Mainland/Southwest (+5.4%), Vancouver Island/Coast (+5.5%), and Thompson-Okanagan (+3.2%). Kootenay (+4.1%) also saw a rise in revenues after three months of declines. Room revenues slipped in the other four regions. Northeast (-6.5%), and Cariboo (-3.2%) fell for the second month in a row. Nechako (-5.5%) and North Coast (-1.9%) also lost ground in December.

Revenue generated by all types of establishments increased in December. Large hotels with more than 250 rooms (+10.9%) saw the biggest rise in revenues regaining the ground lost (-7.2%) in the previous month. The improvement occurred across the board, as all the categories that showed weakness in November rebounded. Midsize hotels (151-250 rooms) posted solid gains (+5.2%) for the third month in a row. Motels (+1.5%) and vacation rentals (+0.7%) both rebounded following a weak November.

*Establishments bounced back in December from a low in November*

### Revenues from large hotels rebounds in December

Large Hotel Room Revenue (\$ millions)



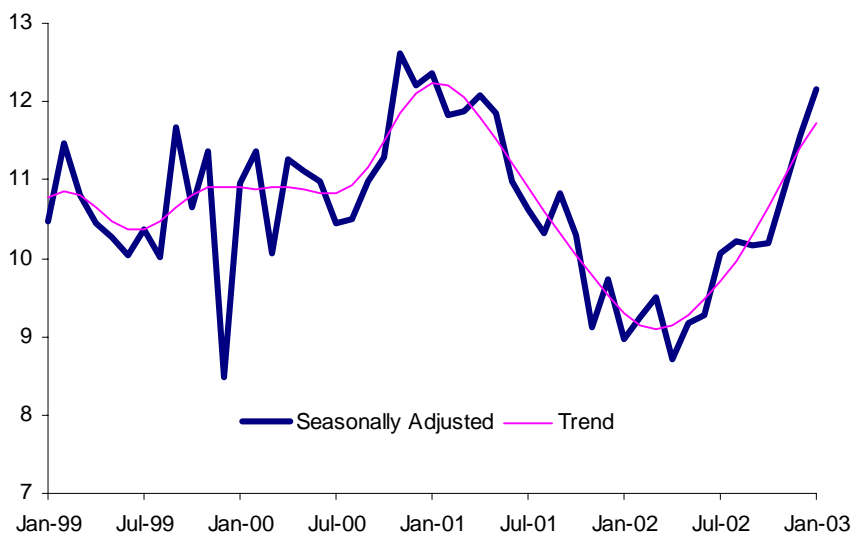
## Visitor Entries

The number of travellers entering Canada via BC border crossings fell in January (-2.0%, seasonally adjusted) as the number of people coming from the US (-2.4%) slipped. Visits from overseas inched up 0.1%. An increase in entries from Europe (+1.7%) coupled with a continued rise in the number of people entering from the South Pacific (+5.0%) more than offset a drop in visitor entries from Asia (-2.2%). There has been a steady rise in entries from the South Pacific nations over the past year, with only two declines over the past twelve months.

*Fewer visitors from the US reduced BC border crossings in January.*

### The number of visitors from the South Pacific has been steadily increasing

South Pacific visitor entries (thousands)



The number of Canadians re-entering the country through BC borders fell (-2.6%) in January. This marks the first observed monthly decline since March 2002, when re-entries dipped 1.1%. The number of Canadians returning from both overseas trips (-4.2%) and same-day auto trips to the US (-1.8%) dropped in January.

**Table 2. Traveller Entries (seasonally adjusted)**

	Jan-03 (‘000)	Dec-02 (‘000)	% chg from Dec-02
<b>American visitors</b>			
Total	563	576	-2.4
Same-day	250	254	-1.3
Overnight	318	326	-2.4
<b>Overseas visitors</b>			
Total	120	120	0.1
Europe	36	36	1.7
UK	19	18	1.1
Asia	62	63	-2.2
Japan	20	20	-3.7
Taiwan	7	7	5.4
Oceania	12	12	5.0
<b>Canadian re-entries</b>			
Total	621	638	-2.6
From overseas	79	83	-4.2
From US same-day auto	325	331	-1.8
<i>(BC STATS &amp; Statistics Canada)</i>			

### Other Tourism Indicators

The BC Ferry Corporation saw 5.2% more passengers on its boats in January compared to the same month of last year. The rise in passengers was echoed by an increase in the number of vehicles (+5.0%) on the ferries. The Coquihalla highway had 5.8% more passenger vehicles passing through its tollbooths compared to January 2002.

Restaurant, caterer and tavern receipts in the province crept up 0.3% (seasonally adjusted) in January compared to December, as consumers increased their spending at food service establishments (+0.3%). Receipts from drinking places stayed fairly constant during January (0.0%).

Employment in tourism-related industries<sup>1</sup> in the province rose 3.4% in January compared to the same month of last year. By comparison, total employment in the province increased 2.4%. The number of people employed in the arts, entertainment and recreation industry jumped 8.8%. The air transport industry (+9.1%) which saw job losses during most of 2002, posted the third straight year-over-year gain. Employment in food and beverage (+2.1%) and accommodation (+0.8%) services increased.

*Passenger traffic on BC Ferries increased in January.*

<sup>1</sup> "Tourism-related industries" are defined as those industries that are largely dependent on tourism activity.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
<b>Hotel Industry</b>			
Occupancy rate	Dec-02	42.5%	0.9 pp.
Average room charge	Dec-02	\$117.45	5.7%
<i>(Pannell Kerr Forster)</i>			
<b>Airport Passengers</b>			
		<b>(000s)</b>	<b>(%)</b>
<b>Vancouver International Airport</b>			
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>			
<b>Victoria International Airport</b>			
Total traffic	Feb-03	84	7.4
<i>(Victoria Airport Authority)</i>			
<b>Restaurant Receipts</b>			
		<b>(\$ millions)</b>	<b>(%)</b>
Full service	Jan-03	217	6.5
Limited service	Jan-03	134	6.9
Drinking places	Jan-03	22	-10.1
<i>(Statistics Canada)</i>			
<b>Transportation</b>			
		<b>(000s)</b>	<b>(%)</b>
<b>Coquihalla Highway</b>			
Passenger Vehicles	Feb-03	113	7.8
<i>(Ministry of Transportation &amp; Highways)</i>			
<b>BC Ferries</b>			
Vehicle Volume	Feb-03	519	4.2
Passenger Volume	Feb-03	1,244	4.0
<i>(BC Ferries)</i>			
<b>Exchange Rates</b>			
		<b>Cdn \$</b>	<b>Change from year ago</b>
US \$	Feb-03	1.512	-0.083
UK Pound	Feb-03	2.431	0.160
Japanese Yen	Feb-03	0.013	0.001
Australian \$	Feb-03	0.901	0.082
<i>(Statistics Canada)</i>			

note: pp. percentage points

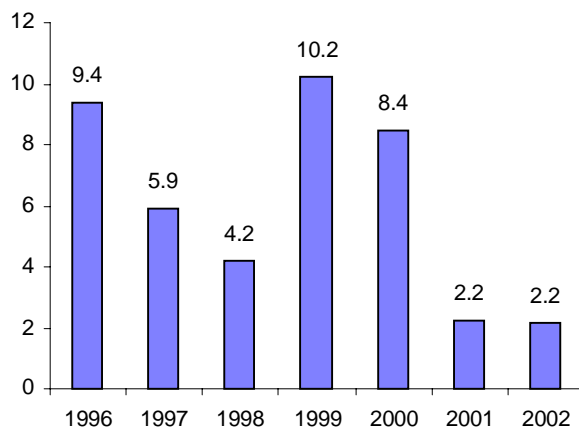
## SPECIAL FOCUS: Tourism Room Revenue in 2002

### Revenues up 2.2% in 2002

Room revenues at hotels and other establishments in British Columbia climbed 2.2% in 2002 to over \$1.5 billion. This was equivalent to the increase in 2001, still far below the rate at which revenues had been expanding during the latter half of the 1990s. There was a strong increase in the first quarter of 2002 (+5.2%, seasonally adjusted) compared with the last quarter of 2001. Revenues fell in the second (-1.6%) and third (-1.9%) quarters, but rebounded (+4.3%) at the end of the year.

### Room revenue growth still fairly weak by historical standards

Year-over-year percent growth



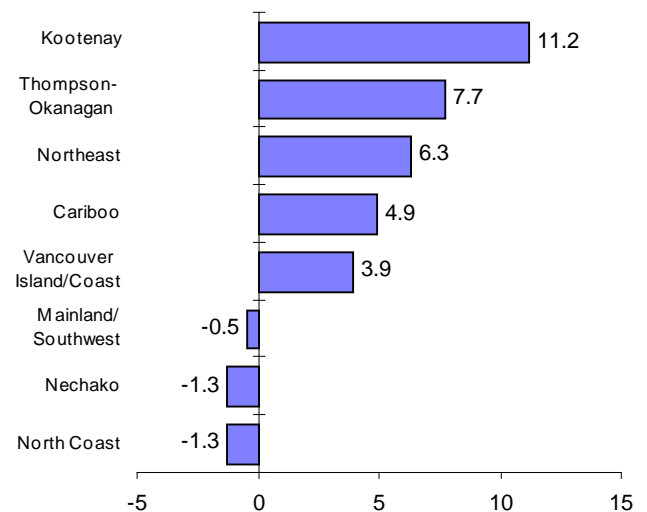
Revenues were up at most types of establishments. Large hotels (251+ rooms), which generate almost 30% of total revenues, posted a 2.7% gain. Hotels with 76-149 rooms also saw an increase (+2.6%) in revenues during 2002. Revenues generated by these hotels account for about one fifth of the provincial total. Other hotels did not fare as well. Small hotels (1-75 rooms) saw a slight drop (-0.1%), while mid-sized hotels (151-250 rooms) posted a 5.1% decline. Motel revenues (+3.1%) grew for the fourth straight year. Vacation rentals continued to expand (+3.4%) in 2002, although the annual growth was modest compared to other

recent years (+16.1% in 2001 and +25.7% in 2000). Revenues from establishments in the miscellaneous category<sup>2</sup> posted a double digit gain (+17.1%) for the second straight year.

### Kootenay was the top performer in 2002

Revenues generated by establishments in Kootenay (+11.2%) expanded the most in 2002, after experiencing weak growth (+0.6%) in the previous year. The strong annual jump in revenues was not foreign to the Kootenay region as it was a top performer between 1997 and 2000 with its revenues expanding as much as 19.0% in 2000. Thompson-Okanagan (+7.7%) and North-east (+6.3%) also made significant gains. The most populated region, Mainland/Southwest (-0.5%), saw revenues fall sharply through the last three quarters of 2001, and remain weak during much of 2002. Revenues in the region ended the year down slightly from 2001. North Coast (-1.3%) and Nechako (-1.3%) were the only other regions that posted declines.

### Gains were observed in five of the eight regions of the province in 2002



<sup>2</sup> The "miscellaneous" category includes fishing lodges, skiing lodges, beach resorts, campgrounds, hostels, and other similar establishments.

Downtown Vancouver (-0.5%), which generates the most revenue of urban centres, saw revenues slip to \$388 million in 2002. Also within the Mainland/Southwest region, Whistler (+0.7%) saw revenues climb. On the Island, Victoria posted a 3.5% increase, and Nanaimo (+11.3%) recorded a

strong gain. Within the Thompson/Okanagan region, Kelowna (+9.4%), Vernon (+11.8%) , and Penticton (+11.8%) all saw revenues advance, while revenues inched up in Kamloops (+0.7%).

Room Revenue by Development Region (\$000)									
Period	Vancouver Island/Coast	Mainland Southwest	Thompson Okanagan	Kootenay	Cariboo	North Coast	Nechako	Northeast	BC Total
1995	193,421	538,085	137,312	41,925	42,516	17,684	8,377	20,133	999,453
1996	198,897	621,444	139,958	41,896	42,632	18,498	9,302	20,772	1,093,399
1997	205,480	665,314	146,520	44,803	43,225	17,800	9,301	25,142	1,157,586
1998	219,677	686,970	155,799	47,223	42,381	17,923	8,932	27,183	1,206,090
1999	238,389	778,153	166,895	53,603	40,788	18,651	8,684	24,183	1,329,347
2000	245,355	845,728	185,049	63,797	43,546	20,072	8,443	29,617	1,441,606
2001	258,549	853,274	191,784	64,158	42,524	18,668	8,744	35,653	1,473,354
2002	268,672	849,268	206,606	71,364	44,601	18,425	8,631	37,897	1,505,464
Percentage Change									
1996	2.8	15.5	1.9	-0.1	0.3	4.6	11.1	3.2	9.4
1997	3.3	7.1	4.7	6.9	1.4	-3.8	0.0	21.0	5.9
1998	6.9	3.3	6.3	5.4	-2.0	0.7	-4.0	8.1	4.2
1999	8.5	13.3	7.1	13.5	-3.8	4.1	-2.8	-11.0	10.2
2000	2.9	8.7	10.9	19.0	6.8	7.6	-2.8	22.5	8.4
2001	5.4	0.9	3.6	0.6	-2.3	-7.0	3.6	20.4	2.2
2002	3.9	-0.5	7.7	11.2	4.9	-1.3	-1.3	6.3	2.2