

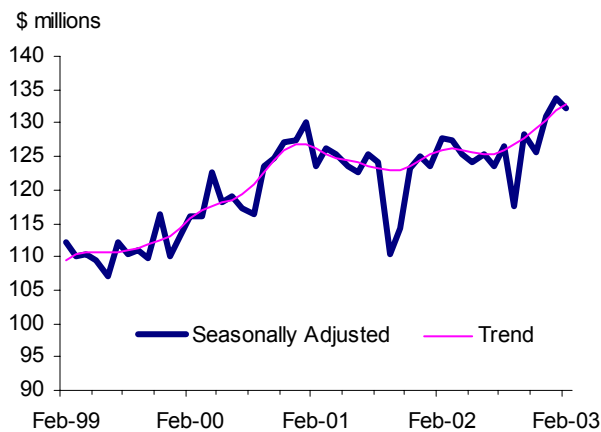
## Tourism Sector Monitor ♦ May 2003

### Highlights

#### Room Revenue

Room revenues in the province slipped 1.1% (seasonally adjusted) in **February**, after two months of growth. Driving the decline was revenues at large hotels (-1.5%), rather than at motels (+0.8%) or small hotels (+0.1%). The deepest declines were in Cariboo (-7.7%) and Thompson-Okanagan (-5.9%). Nechako, in contrast, posted strong growth (+13.7%).

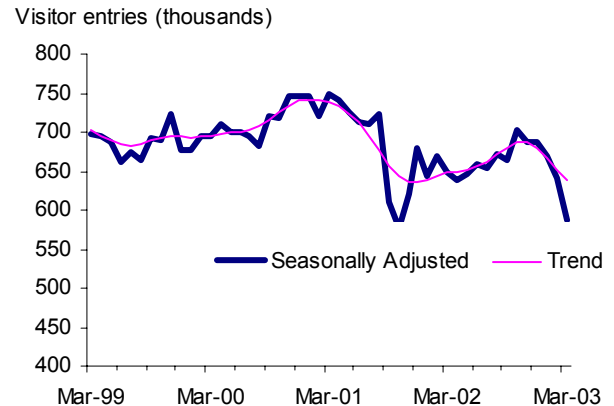
#### Room revenues fall in February



#### Visitor Entries

The number of visitors entering Canada via BC border crossings declined 8.2% in **March** (seasonally adjusted), virtually wiping out BC's post-9/11 recovery in cross-border traffic. There were fewer travellers from both the US (-8.8%) and overseas (-5.2%). From the US, same-day travel dropped 9.5% and overnight travel fell 7.7%.

#### The number of visitors entering BC dropped sharply in March



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

Accommodation Type			
	Feb.03 (\$000)	Jan.03 (\$000)	% change
Total	132,212	133,618	-1.1
Hotels	96,830	98,029	-1.2
Motels	16,131	16,011	+0.8
Other Acc.	18,334	18,095	+1.3
Regions (Top 3 performers)			
Nechako	860	757	+13.7
Northeast	3,419	3,356	+1.9
Kootenay	6,205	6,102	+1.7

\*Seasonally adjusted room revenue

#### Other Indicators

Both hotel occupancy (-0.6 percentage points) and hotel room rates (-4.8%) were down in March (relative to March 2002). The Coquihalla highway saw an 11.9% decline in passenger vehicles over March 2002. Restaurant and tavern receipts were also down 2.1% (seasonally adjusted).

#### *A Look Ahead...*

Preliminary numbers for March 2003 suggest room revenues are down 6% (seasonally adjusted). Unadjusted data point to a 3.4% decrease compared to March 2002.

## Tourism Trends

### Room Revenue

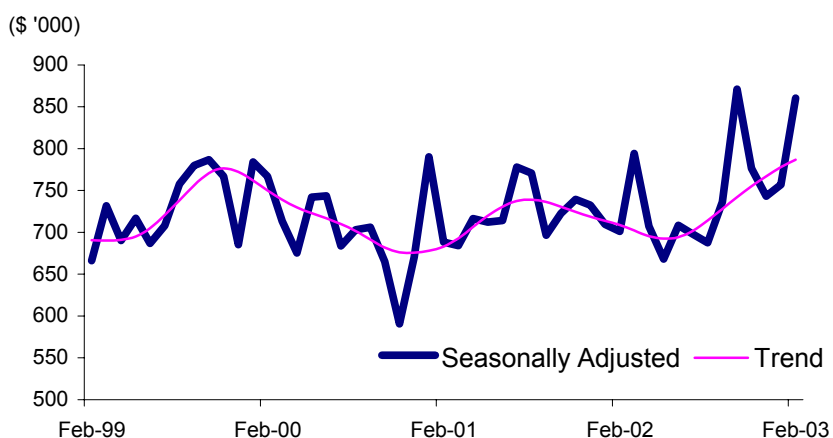
Room revenues were down slightly (-1.1%, seasonally adjusted) in February. The largest regions—Vancouver Island/Coast (+0.7%) and Mainland Southwest (-0.5%)—saw the smallest changes. In Nechako, the smallest and one of the most turbulent regions of the province, revenues rose by 13.7%. As the graph below illustrates, wide fluctuation is not unusual in this part of BC.

Both Cariboo (-7.7%) and Thompson-Okanagan (-5.9%) had significant month-over-month declines in room revenues. For Cariboo, this is a continuation of a particularly bad year. Beginning in February 2002, the region has had 10 months of negative growth rates. For Thompson-Okanagan, on the other hand, February's drop follows an exceptional Fall/Winter season boasting the highest month-over-month growth rates the area has seen in at least 7 years.

*Falling room revenues have been typical for the Cariboo region this year.*

The decline in revenues was concentrated among larger hotels (76+ rooms), which had 1.5% lower revenues. Revenues at small hotels—those with 1 to 75 rooms—held ground in February (+0.1%), while motel revenues were marginally higher (+0.8%). Vacation rentals showed no change, though the small “miscellaneous” category (including fishing lodges) saw 2.9% higher room revenues.

Nechako region has shown wide fluctuation with little overall trend



## Visitor Entries

The volume of visitors entering Canada through BC fell distinctly in March (-8.2% seasonally adjusted), the steepest fall seen since September 2001. Travellers from the US (-8.8%) were the most reclusive, but there was also a noted drop in overseas visitors (-5.2%). Oceania (Australia and the South Pacific) showed the most notable decline in overseas visitors to BC (-16.8%), followed by Europe (-9.7%) and Asia (-3.4%). In the Asia subgroup, both Japan (+3.0%) and Hong Kong (+1.7%) posted modest increases, though they were more than cancelled out by Taiwan (-6.5%) and Korea (-6.1%).

March was the third straight month of declining visitor entries. Further, BC has not seen a significant rise in seasonally adjusted visitor entries since October 2002.

*Visitor entries have not risen significantly in six months.*

The number of Canadians re-entering the country through BC borders fell 5.3% in March, the largest month-over-month decline since October 2001. This was driven by a fourth consecutive monthly drop in the number of people making same-day auto trips to the US (-7.9%). The number of visitors returning from overseas trips, in contrast, edged upwards in March (+1.2%).

Canadian re-entries show little sign of returning to pre-9/11 levels.

Canadian re-entries (thousands)

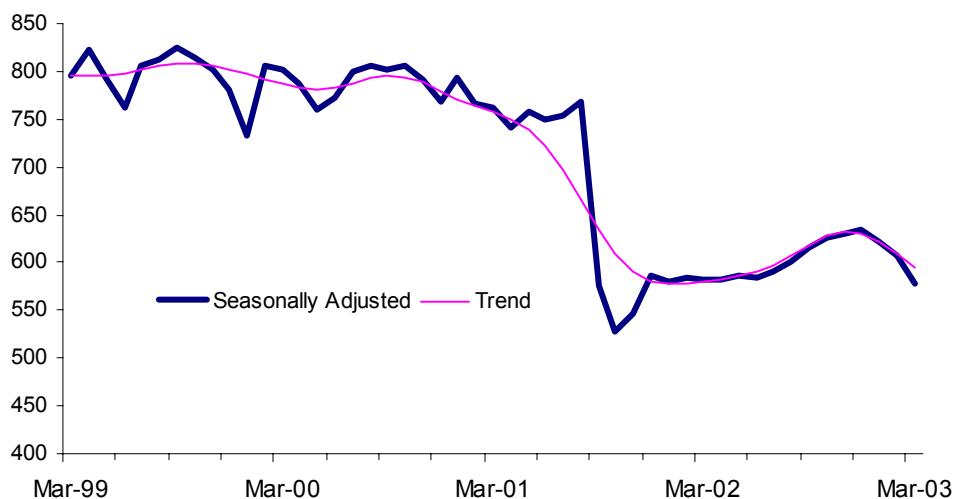


Table 2. Traveller Entries (seasonally adjusted)

	Mar-03 ('000)	Feb-03 ('000)	% chg from Feb-03
<b>American visitors</b>			
Total	487	535	-8.8
Same-day	205	227	-9.5
Overnight	282	306	-7.7
<b>Overseas visitors</b>			
Total	103	109	-5.2
Europe	33	36	-9.7
UK	16	18	-10.3
Asia	54	55	-3.4
Japan	19	19	3.0
Taiwan	5	6	-6.5
Oceania	8	10	-16.8
<b>Canadian re-entries</b>			
Total	571	602	-5.3
From overseas	81	80	1.2
From US same-day auto	283	308	-7.9

(BC STATS & Statistics Canada)

### Other Tourism Indicators

Hotel occupancy dropped just over one half of a percentage point (-0.6 pp) to 56.9% in March (compared to the same month of 2002). This was the biggest 12-month decline since July 2002. Average room charges also fell 4.8%, the first downward movement since January 2002.

After 10 months of steady growth, the Coquihalla highway had 11.9% fewer passenger vehicles passing through its tollbooths (compared to March 2002). Passengers aboard BC Ferries edged down 1.6% in March—relative to the same month in 2002—while vehicle traffic rose marginally (+0.8%).

The Canadian dollar appreciated relative to US currency in April. One US dollar cost \$1.46 Cdn, compared to \$1.58 Cdn in April 2002 (-\$0.123). This was the largest 12-month appreciation recorded since November 1998. In contrast, the Canadian dollar depreciated 4 cents next to the Australian dollar and 1 cent relative to the UK pound.

Restaurant and tavern receipts in the province slipped 2.1% (seasonally adjusted) in March. Declines occurred in both food services (-2.0%) and drinking places (-3.7%).

*Hotel room rates fell 4.8%—the first drop in a year and a half.*

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
<b>Hotel Industry</b>			
Occupancy rate	Mar-03	56.9%	-0.6 pp.
Average room charge	Mar-03	\$113.91	-4.8%
<i>(Pannell Kerr Forster)</i>			
<b>Airport Passengers</b>		<b>(000s)</b>	<b>(%)</b>
<b>Vancouver International Airport</b>			
Total traffic	Feb-03	1,031	-0.6
US	Feb-03	277	2.1
Other International	Feb-03	240	-2.8
Canada	Feb-03	514	-0.9
<i>(YVR)</i>			
<b>Victoria International Airport</b>			
Total traffic	Mar-03	95	0.2
<i>(Victoria Airport Authority)</i>			
<b>Restaurant Receipts</b>		<b>(\$ millions)</b>	<b>(%)</b>
Full service	Mar-03	222	-4.9
Limited service	Mar-03	148	7.1
Drinking places	Mar-03	24	-18.1
<i>(Statistics Canada)</i>			
<b>Transportation</b>		<b>(000s)</b>	<b>(%)</b>
<b>Coquihalla Highway</b>			
Passenger Vehicles	Mar-03	142	-11.9
<i>(Ministry of Transportation &amp; Highways)</i>			
<b>BC Ferries</b>			
Vehicle Volume	Mar-03	614	0.8
Passenger Volume	Mar-03	1,533	-1.6
<i>(BC Ferries)</i>			
<b>Exchange Rates</b>		<b>Cdn \$</b>	<b>Change from year ago</b>
US \$	Apr-03	1.458	-0.123
UK Pound	Apr-03	2.296	0.014
Japanese Yen	Apr-03	0.012	0.000
Australian \$	Apr-03	0.890	0.043
<i>(Statistics Canada)</i>			

note: pp. percentage points