

Tourism Sector Monitor ♦ June 2005

Room Revenue

Room revenues increased for the second straight month in March (+1.4%, *seasonally adjusted*), due mainly to the three largest regions, Vancouver Island/Coast (+4.1%) and Thompson/Okanagan (+2.3%), Mainland/Southwest (+1.5%), posting significant gains. Room revenues declined significantly in Northeast (-9.0%), where work camp activity slowed. Revenues were also down in Nechako (-3.1%), Kootenay (-1.8%) and Cariboo (-0.3%).

Room revenues increase in March

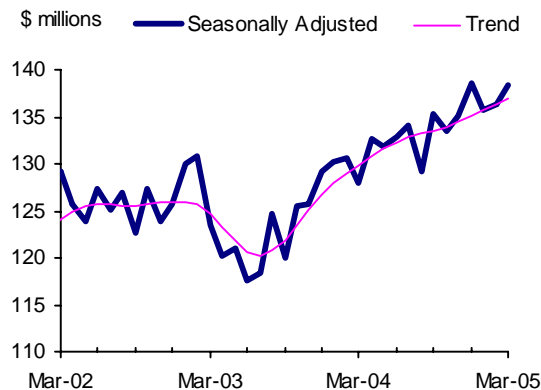


Table 1. Room Revenue
(seasonally adjusted)

Accommodation Type			
	Mar 05 (\$000)	Feb 05 (\$000)	% change
Total	138,274	136,343	+1.4
Hotels	101,386	98,861	+2.6
Motels	17,787	17,380	+2.3
Other Acc.	18,870	19,053	-1.0
Regions (Top 3 performers)			
Vancouver Island/ Coast	26,730	25,689	+4.1
Thompson/Okanagan	21,616	21,137	+2.3
Mainland/Southwest	71,804	70,716	+1.5

Province-wide, the greatest gains in revenues were posted by very large hotels (251+ rooms, +3.4%), small hotels (1-75 rooms, +6.5%) and motels (+2.3%). Vacation rentals (-2.0%) experienced slow business for the second consecutive month, while non-standard accommodation (including bed and breakfast and other short term accommodations) edged up (+0.5%).

Visitor Entries

The volume of travellers entering Canada via BC borders decreased (-1.7%, *seasonally adjusted*) in March. This was mostly due to a decline in entries from the US (-2.2%). There were significantly fewer same-day (-2.2%) and overnight (-2.6%) travellers from the States.

Overseas entries edged up (+0.4%) with significant growth from Europe (+3.7%) and Asia (+3.2%) largely offset by a drop in visitors from Australia, New Zealand and the South Pacific (-3.8%).

BC's top two European markets performed well in March, with substantial growth in entries from Germany (+4.8%) and Britain (+1.9%). The upturn in Asian travellers was mainly a result of an increase in the number of visitors from Japan (+4.9%) and South Korea (+1.1%).

Canadians travelling abroad rose (+6.5%) for the second consecutive month, as more Canadians made same-day trips to the US (+6.5%) and overseas (+2.3%).

Visitor entries declined in March

Visitor entries (thousands)

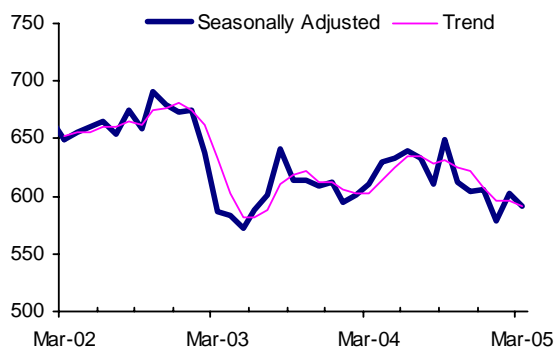


Table 2. Traveller Entries
(seasonally adjusted)

	Mar-05 (^{'000})	Feb-05 (^{'000})	% chg from Feb-05
American visitors			
Total	471	481	-2.2
Same-day	192	197	-2.2
Overnight	280	287	-2.6
Overseas visitors			
Total	121	121	0.4
Europe	42	40	3.7
UK	20	20	1.9
Asia	63	61	3.2
Japan	20	19	4.9
Taiwan	9	9	-3.0
Oceania	12	12	-3.8

(BC STATS & Statistics Canada)

Note: Total Overseas visitors is not equal to the sum of visitors from Europe, Asia and Oceania since it includes other areas

Transportation indicators were mixed in March. The number of passengers at both the Vancouver (+1.3%) and Victoria (+1.8%) airports increased.

After a month of strong passenger vehicle traffic in February, the number of cars on the Coquihalla Highway declined (-1.3%) in March. Passenger volume (-0.5%) and vehicles (-0.2%) aboard BC Ferries were also down.

Restaurant, caterer and tavern receipts posted significant losses in March (-3.1%, *seasonally adjusted*), as both food services (-2.2%) and drinking places (-12.7%) recorded declines.

Other Indicators

In the hotel industry, hotel occupancy edged up (+0.6 percentage points) while average room rates dropped (-0.2%) in March.

Employment in key tourism-related industries crept up (+0.1%) mostly due to modest gains in the food & beverage services industry (+0.4%), while all the other sectors experienced job losses. The Consumer Price Index for traveller accommodation edged down (-0.9%), while the cost of restaurant food (+0.3%) advanced marginally in March.

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Change from	
	Mar-05	Feb-05
Hotel Industry		
Occupancy rate	63.6	0.6 pp.
Average room charge <i>(Pannell Kerr Forster)</i>	111.90	-0.2%
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total traffic	1,381	1.3
US (trans-border)	350	5.2
Other International	330	1.6
Canada (domestic) <i>(YVR)</i>	701	-0.7
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	113	1.8
Restaurant Receipts (\$ millions) (%)		
All establishments	528	-3.1
Food service	485	-2.2
Drinking places <i>(Statistics Canada)</i>	43	-12.7
Transportation (000s) (%)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	224	-1.3
BC Ferries		
Vehicle Volume	725	-0.2
Passenger Volume <i>(BC Ferries)</i>	1,847	-0.5
Exchange Rates Cdn \$		
US \$	0.822	0.02
UK Pound	0.431	0.00
Japanese Yen	86.520	1.83
Australian \$ <i>(Statistics Canada)</i>	1.047	0.02

Note: pp. percentage points

Note to readers: all data in the *Tourism Sector Monitor* are reported on a seasonally adjusted basis.

A look ahead

Room Revenue

Preliminary numbers suggest that room revenues decreased (-1.1%, *seasonally adjusted*) in April, as six regions posted month-over-month declines. The three biggest development regions, Mainland/Southwest (-0.6%), Vancouver Island/Coast (-2.1%) and Thompson/ Okanagan (-1.2%), recorded lower room revenues in April.

Province-wide, revenues were down for every type of tourism establishment except for large hotels (151-250 rooms, +3.4%) and motels

(+0.6%). Vacation rentals (-17.2%) and other non-standard accommodation types—bed and breakfast, work camps and resorts—experienced a weak month (-6.9%).

Visitor entries edged up in April (+0.4%, *seasonally adjusted*). This was a result of an increase in the number of travellers from overseas (+3.6%) offset by a decline in entries from the US (-0.5%).

Transportation indicators were down with airports in both Vancouver (-0.6%) and Victoria (-1.9%) reporting less activity. There were also fewer passengers (-0.4%) and vehicles (-0.6%) aboard BC Ferries.

About preliminary numbers

Companies file their hotel room taxes with varying delays. The initial data retrieved by BC Stats may be revised considerably over the following months. BC Stats reports room revenues with a three-month lag. For example, data for January are not reported until April. However, we also briefly report “preliminary data” with a two-month lag.

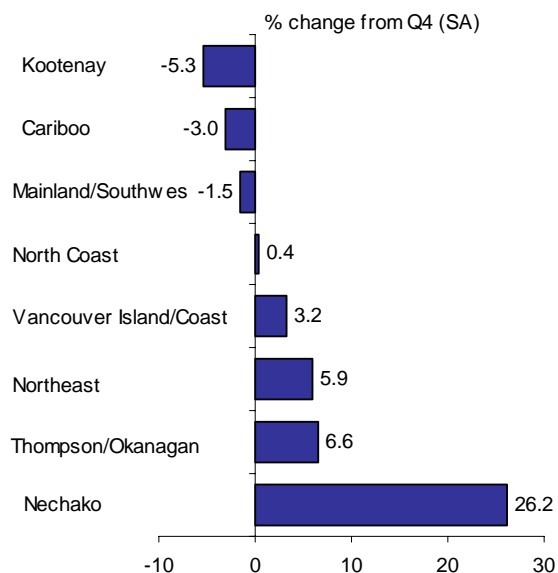
How accurate is the preliminary data? Over 17 reports in 2003 and 2004, room revenues changed (rose or fell on a month-over-month basis) on average by 2.7% (absolute value). The preliminary numbers—reported in the “look ahead” section—were off by an average of 0.5 percentage points. This represents a margin of error of 19%. For example, if the preliminary figure is 1.3%, the actual number probably ranges from 1.1% to 1.5%.

Special Focus: First quarter review of BC's tourism sector

Room revenues inched up in the first quarter of 2005

Room revenues edged up (+0.8%, *seasonally adjusted*) in the first quarter of 2005, posting a seventh consecutive quarterly gain. Revenues were up in five out of eight regions, with significant growth in Nechako (+26.2%), Thompson/Okanagan (+6.6%), Northeast (+5.9%) and Vancouver/Island (+3.2%). Lower room revenues were recorded in Kootenay (-5.3%), Cariboo (-3.0%) and Mainland/ Southwest (-1.5%).

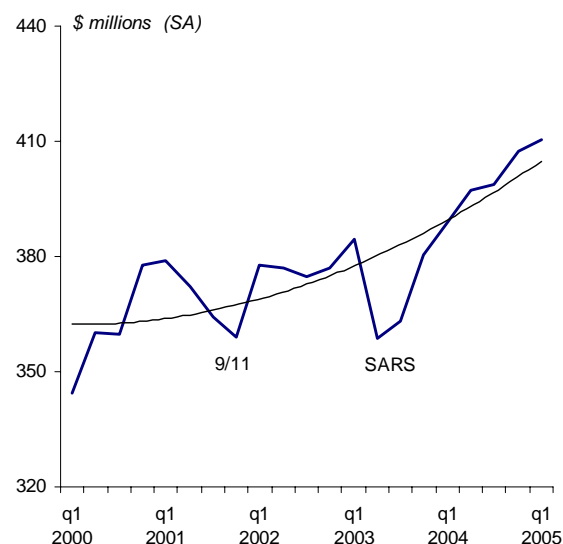
Nechako led first quarter growth



Data Source: BC Stats

However, the gain in revenues in Vancouver/Island (+3.2%), Thompson/Okanagan (+6.6%), and the two sparsely populated northern areas, Nechako (+26.2%) and Northeast (5.9%), was enough to offset losses in other regions. Nechako experienced strong growth in revenues in the first quarter of 2005 due to filming activities in the Smithers area while, in the Northeast, revenues for temporary accommodations for workers were robust.

Room revenues back on upward track



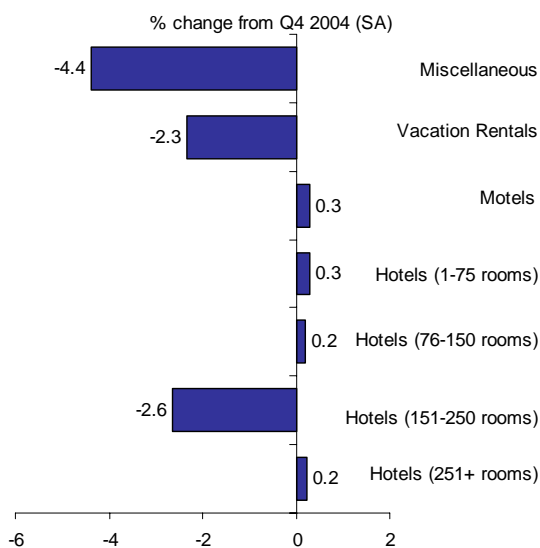
Data Source: BC Stats

Over the long run, BC's accommodation industry has displayed an ability to withstand shocks. The recovery that started in the last quarter of 2003 continued this year. In the first quarter of 2005 revenues surpassed pre-9/11 levels, reaching \$410 million.

Revenues inched up at hotels of all sizes with the exception of large hotels (151-250 rooms, -2.6%) posting sizable declines. Very large hotels (251+ rooms, +0.2%), mid-sized hotels (76-150, rooms, +0.2%), small hotels (1-75 rooms, +0.3%) and motels (+0.3%) saw slight increases in revenues.

Business was slower at vacation rentals (-2.3%) and other types of accommodations (including bed and breakfast, fishing lodges and other kinds of short-term accommodation (-4.4%).

Mid-size accommodation busier in the first quarter of 2005

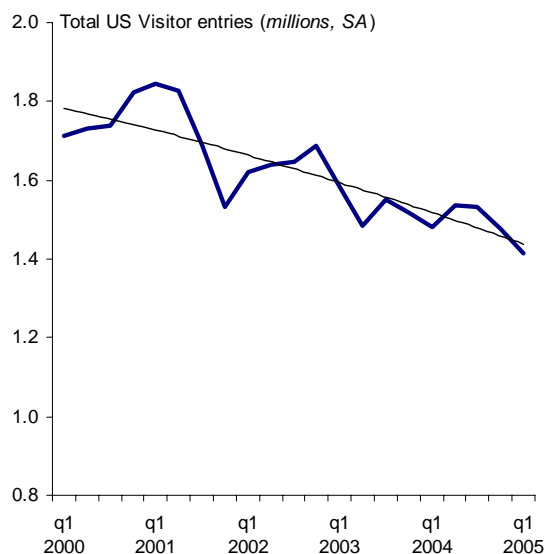


Data Source: BC Stats

Visitor entries declined

The volume of travellers entering Canada via BC decreased (-2.8%) in the first quarter, as entries from the US (-4.2%) offset growth in the overseas visitors market (+3.5%). US same-day (-5.3%) and overnight (-3.5%) traffic slumped in the first quarter of this year.

US entries continued to slip



Data Source: Statistics Canada

Overseas visitor entries increased (+3.5%), due to an upturn in visitors from Europe (+6.9%), Asia (+5.5%) and Oceania (Australia and South Pacific, +1.1%). Among the overseas markets, the German (+19.0%) and UK (+7.0%) markets recorded the highest growth in the first quarter.

The number of Canadians re-entering the country via BC rose substantially (+2.5%) in the first quarter as more Canadians travelled overseas (+2.1%) or made same-day excursions to the US (+0.8%).

Most tourism indicators robust

Hotel occupancy rates averaged 62.6% (*seasonally adjusted*) in the first quarter, decreasing 0.2 percentage points. Average room rates (\$112) were 3.5% lower than the previous quarter.

Air passenger traffic registered a strong quarter, with both Vancouver (+2.7%) and Victoria (5.2%) airports experiencing higher volumes on all types of flights. BC ferries were not as busy, carrying fewer passengers (-3.6%) and vehicles (-2.8%) while traffic on the Coquihalla Highway was up slightly (+0.6%) relative to the fourth quarter of last year.

Employment in the key tourism-related industries edged up (+0.6%) in the first quarter of 2005. The accommodation (+1.9%) and arts, entertainment & recreation (+0.8%) industries increased employment moderately, while the air transport sector (-0.9%) registered modest job losses.

Restaurant, caterer and tavern receipts posted significant gains in the first quarter (+4.3%), as an increase in revenues at food service establishments (+5.6%) offset decline in receipts at drinking places (-7.3%).