

Tourism Sector Monitor ♦ August 2005

Room Revenue

Room revenues rose (+3.2%, *seasonally adjusted*) in May, after slipping 0.5% in the previous month. Revenues were up in all but two regions of the province, led by North Coast (+20.9%) and Northeast (+33.7%), partly due to the tourism-related events in these regions, such as Homecoming in Prince Rupert and the BBC Foundation Golf Tournament in Fort St. John. Mainland/Southwest (+4.0%) also saw a substantial rise in revenues. Vancouver Island/Coast (-0.7%) and Cariboo (-7.2%) lost ground in May.

Room revenues rebounded in May

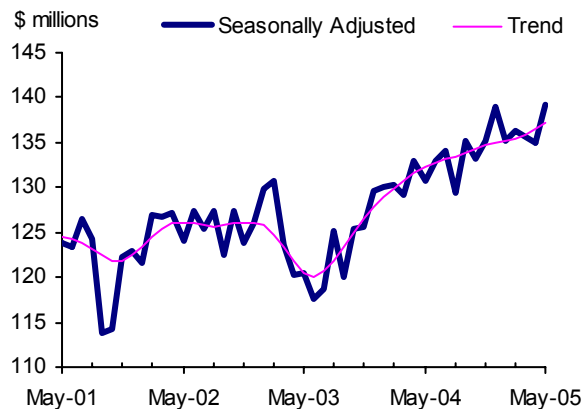


Table 1. Room Revenue
(seasonally adjusted)

Accommodation Type			
	May 05 (\$000)	Apr 05 (\$000)	% change
Total	139,268	134,978	+3.2
Hotels	102,884	98,132	+4.8
Motels	18,147	18,067	+0.4
Other Acc.	19,270	16,252	+18.6
Regions (Top 3 performers)			
Northeast	5,158	3,857	+33.7
North Coast	2,033	1,681	+20.9
Mainland/Southwest	73,043	70,262	+4.0

Revenue generated by all types of establishments increased in May. Large hotels with more than 250 rooms (+8.9%) saw a big rise in revenues, regaining the ground lost (-6.1%) in April. Vacation rentals (+17.0%) and miscellaneous properties (+20.3%, including fishing lodges) also rebounded. Both motels (+0.4%) and midsize hotels (+0.4%, 151-250 rooms) posted gains for the fourth month in a row.

Visitor Entries

Visitor entries to Canada through BC border crossings rose 4.0% (*seasonally adjusted*) in May. The increase in entries was largely due to visits from the US (+4.4%), boosted by strong gains in both same-day (+5.5%), and overnight (+4.1%) travel. The number of overseas visits was up 2.6%, with entries from South Pacific nations jumping 28.5%. European entries (+1.9%) were also up in May, while fewer visitors from Hong Kong (-8.0%) and Taiwan (-5.7%) dragged the Asian market (-1.0%) down.

The number of Canadians re-entering the country through BC borders decreased (-1.4%) in May.

Visitor entries increased

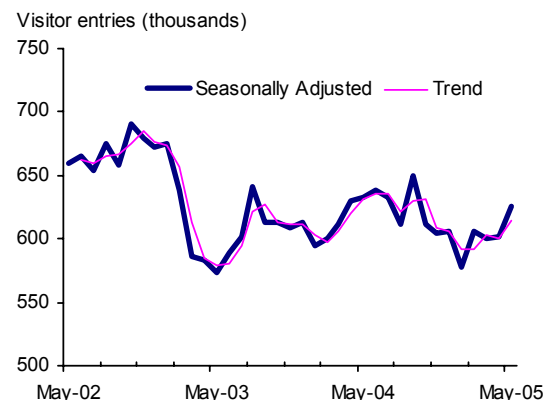


Table 2. Traveller Entries
(seasonally adjusted)

	May-05 (‘000)	Apr-05 (‘000)	% chg from Apr-05
American visitors			
Total	496	475	4.4
Same-day	203	192	5.5
Overnight	296	285	4.1
Overseas visitors			
Total	131	127	2.6
Europe	43	42	1.9
UK	22	19	11.9
Asia	65	66	-1.0
Japan	24	21	14.2
Taiwan	8	8	-5.7
Oceania	15	12	28.5

(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

Other Indicators

Most of the tourism indicators mirrored the pattern in room revenue and visitor entries, showing strong improvements in May.

The occupancy rate in BC hotels rose 2.7 percentage points. Accordingly, room prices were up 2.0%. The Consumer Price Index for traveller accommodation, however, fell (-1.0%) for the fourth consecutive month. Employment in the accommodation sector rose 0.8%.

Passenger traffic increased 1.9% at the Vancouver airport, but declined 0.7% in Victoria. More vehicles (+3.5%) passed the toll booth of the Coquihalla highway for the first time in three months. In addition, both vehicle (+0.7%) and passenger (+1.2%) volumes aboard BC Ferries were up.

With the restaurant food price index edging up (+0.3%), restaurant, caterer and tavern receipts jumped 5.9% in May, due to strong sales in BC's drinking places (+8.0%). Employment in the BC food and beverage service sector (+0.7%) rose for the first time in 2005.

Table 3. Other Tourism Indicators
(seasonally adjusted)

	May-05	Change from Apr-05
Hotel Industry		
Occupancy rate	65.8	2.7 pp.
Average room charge	116.00	2.0%
<i>(Pannell Kerr Forster)</i>		
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total traffic	1,396	1.9
US (trans-border)	351	2.6
Other International	351	3.3
Canada (domestic)	694	0.9
<i>(YVR)</i>		
Victoria International Airport		
Total traffic	110	-0.7
<i>(Victoria Airport Authority)</i>		
Restaurant Receipts (\$ millions) (%)		
All establishments	581	5.9
Food service	533	5.7
Drinking places	48	8.0
<i>(Statistics Canada)</i>		
Transportation (000s) (%)		
Coquihalla Highway		
Passenger Vehicles	229	3.5
<i>(Ministry of Transportation & Highways)</i>		
BC Ferries		
Vehicle Volume	726	0.7
Passenger Volume	1,866	1.2
<i>(BC Ferries)</i>		
Exchange Rates Cdn \$		
US \$	0.796	-0.01
UK Pound	0.429	0.00
Japanese Yen	84.911	-1.81
Australian \$	1.039	-0.01
<i>(Statistics Canada)</i>		

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 edged down (-0.3%, *seasonally adjusted*) in June, as six out of eight regions lost ground.

Province-wide, revenues were up significantly only in vacation rentals (+8.4%). Midsize hotels (151-250 rooms, -1.5%), motels (-6.0%), and non-standard accommodation (-8.4%, including fishing lodges, bed and breakfast and other short term accommodations) experienced substantial losses.

Visitor entries (-0.3%, *seasonally adjusted*) also slipped in June. This was due to a dip in the number of US visitors (-0.3%) as well as overseas travellers (-0.1%).

Passenger traffic dropped 1.3% at the Vancouver airport, but Victoria's airport (+1.3%) was busier in June than in the previous month. There were fewer passengers (-1.1%) and vehicles (-2.2%) 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: Skiing in Whistler

Whistler is one of the most popular ski destinations in British Columbia. With two ski areas (Blackcomb Mountain and Whistler Mountain) combined, Whistler resort provides 33 lifts and over two hundred runs to skiers.

Whistler's history stretches back to the 1860s when Whistler Mountain was first named London Mountain by some British naval officers. The name "Whistler" was then used by settlers in the 1900s because of the whistling sound made by marmots in the area. Historically, Whistler was considered a summer resort destination (due to its abundant fish stocks) long before it became a winter one.

Top Resort in the Province

Whistler-Blackcomb Mountain was developed as a ski resort in the 1960s & '70s,¹ and since then has become a favourite among skiers from all over the world. It is recognized as a top ski resort by both domestic and foreign travellers. In 2003, Skiing Magazine² voted Whistler Blackcomb the "Number One Ski Resort in North America". As a matter of fact, Whistler urban centre³ receives the second highest accommodation room revenues across the 30 BC urban centres reported by BC Stats. In 2004, Whistler took in \$178.3 million in accommodation room revenues, second only to downtown Vancouver (\$407.5 million). In 2004, Whistler contributed 21% of the total accommodation room revenue in Mainland Southwest Development Region, and 11% of the provincial total.

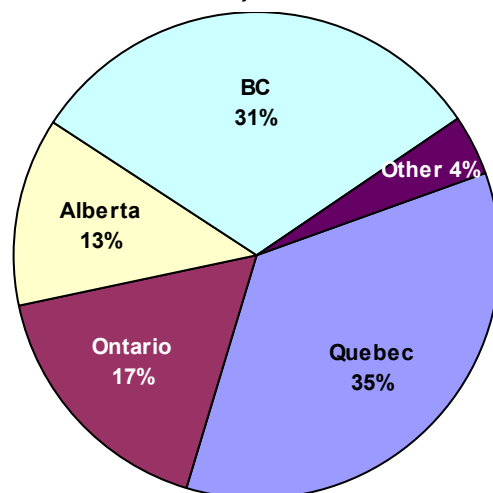
Whistler is also the second most profitable among the 30 urban centres across BC. The annual revenue per room in Whistler aver-

aged \$24,068 in 2004, over \$8,000 more than the provincial average (\$15,864).⁴ The difference roughly implies the location premium that Whistler accommodation operators are able to charge. The average annual revenue per room in downtown Vancouver, where many high-end hotels are located, was the highest in BC, reaching over \$30,000 in 2004.

More Skiing in Canada

According to the Canadian Ski Council, more and more skiers are attracted by Whistler and other BC ski resorts for world-class skiing experiences. In the 2003/04 ski season, BC⁵ hosted 6.1 million alpine ski and snow board visits⁶, 10.3% more than the 2002/03 ski season.

Quebec & BC, Most Popular Destinations



Data Source: Canadian Ski Council

BC's ski resorts accommodated 31% of the total skier visits in Canada, increasing from 29% ten years ago. Quebec is the most

¹ Whistler Mountain opened in 1966; Blackcomb Mountain opened in 1980

² www.skiingmag.com

³ BC Stats' definition

⁴ Annual revenue per room is a rough indicator of accommodation properties' profitability in a region. It takes both room rates and vacancy rates into consideration. This ratio (total revenues/number of rooms) should not be used as an implication of room rates.

⁵ www.canadianskicouncil.org; BC includes BC, Yukon & Heli-Ski operations

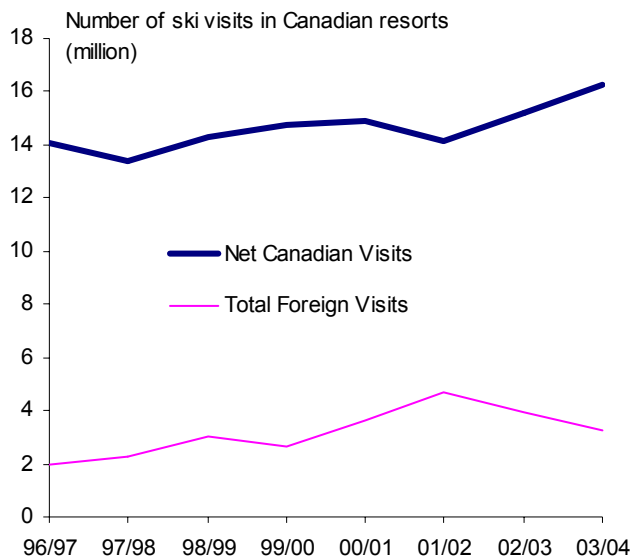
⁶ including visits from American and offshore skiers/snowboarders

popular region in Canada for skiers, with 35% of the visits in the 2003/04.

After September 11th, US skier visits and off-shore visits to Canada slumped more than 31.4% from 4.7 million in 2001/02 to 3.2 million in the 2003/04 season.

Luckily, domestic skiers took up the slack, with visits increasing 14.9% (or 2.1 million) over the same period. In fact, ski visits by Canadians have been increasing since the 1997/98 season, with the exception of 2001/02.

Total Ski Visits Rising



Data Source: Canadian Ski Council

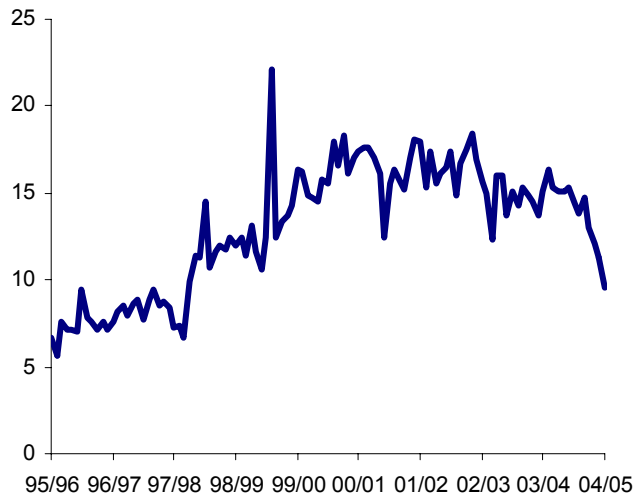
Whistler in 2004

Despite the rising popularity of ski sports in Canada, Whistler resort had a hard time in the 2004/05 ski season.⁷ Overall room revenue in the last season (\$114.9 million) slumped 8.3%, dropping to a six-year-low level. The all time high was recorded in the millennium year, when revenue reached \$145 million. After 2000/01, however, room revenue has decreased for four consecutive years.

⁷ Ski season revenue is defined as the total room revenue in typical ski months in Whistler (December to April).

Monthly Room Revenue in Whistler

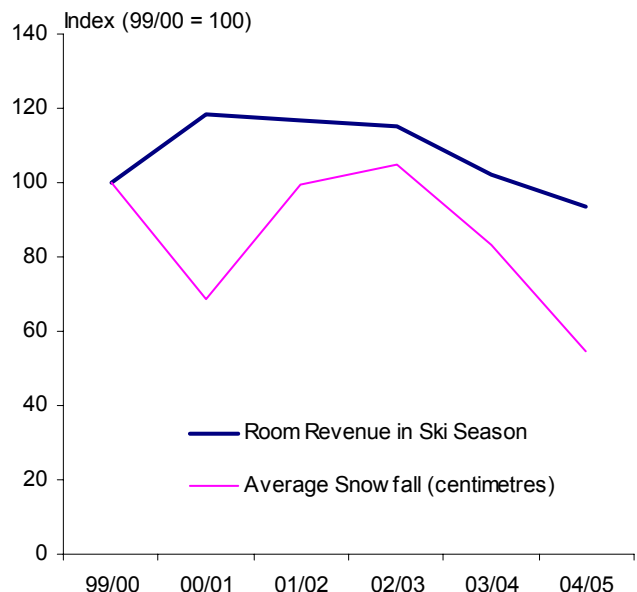
Accommodation Room Revenues in Whistler (\$ million, seasonally adjusted)



Data Source: BC Stats

One major reason for the downturn was low snowfall at the resort. Snowfall was only 640 centimetres in the 2004/05 ski season in Whistler, 34.4% less than the previous season (975 cm), which was already 20.7% lower than the year before (1,230 cm). What's more devastating for a ski resort than the lack of snow?

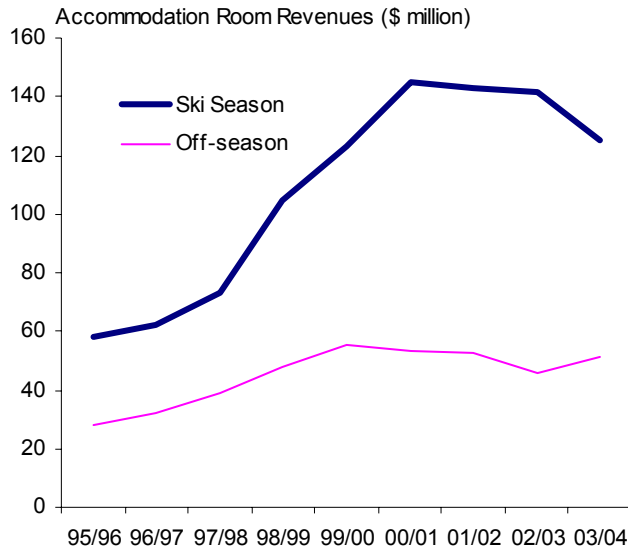
Ski Season Room Revenue Correlated with Total Snow fall



Data Source: Tourism Whistler & BC Stats

Other factors such as accommodation and ski facility development in the resort and weather conditions in competing resorts might also have affected skier visits and room revenue in Whistler. But a correlation between ski season room revenue and snowfall can be clearly observed from the above chart, with the exception of the millennium year.

Winter vs. Summer in Whistler



Data Source: BC STATS

On the other hand, it seems that Whistler resort is attracting more visitors during the summer months. In 2004 off-season months (May to November), room revenue totalled \$51.0 million, up 12.0% over the 2003 level. This partially offset the slowdown in the ski season.

Competition and Outlook

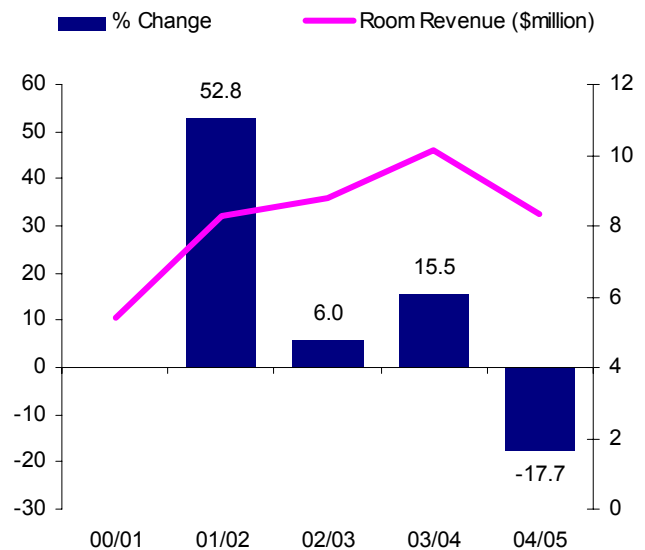
According to the Canadian Ski Council, there are about 70 ski areas in the province. Some of them have already gained domestic and international attention by offering world-class skiing experiences.

For example, among BC Stats' reporting urban centres, Fernie alpine resort is another ski resort where ski season room revenue was 150% more than its off-season receipts.

Fernie alpine resort was ranked by Skiing Magazine as the 10th best ski resort in North America.

Although Fernie alpine resort's accommodation revenue was less than one tenth of the revenue in Whistler, Fernie is growing by leaps and bounds. During the period from 2000/01 to 2003/04, Fernie's room revenue in the ski season almost doubled to more than \$10 million.

Ski Season Room Revenue in Fernie



Data Source: BC STATS

Another challenge for the Whistler resort is weather condition. Although not much can be done about the lack of snowfall in winter, promoting summer activities and turning Whistler into a year-round resort is a good strategy to make full use of the existing tourism capacity.

Of course, Whistler has a huge opportunity ahead of it—the 2010 Winter Olympic and Paralympic Games. According to the Canadian Tourism Commission, past Olympics have proven to significantly benefit the region that hosts the Games. As 2010 approaches, Whistler will certainly see more tourism-related investment, tourism businesses and visitors, all of which will boost the local tourism sector.

Appendix

List of Ski Areas in British Columbia

Apex Mountain Resort	Little Mac Ski Hill	Salmo Ski Area
Bear Mountain Ski Resort	Mad River Nordic Ski Enterprises Inc.	Selkirk Tangiers Helicopter Skiing Ltd.
Big Bam Ski Club	Manning Park Resort	Selkirk Wilderness Skiing Ltd.
Big White Ski Resort Ltd.	Mike Wiegele Helicopter Skiing	Shames Mountain Ski Corporation
Callaghan Country Wilderness Adventures	Morning Mountain	Silver Star Ski Resort
Crystal Mountain Resorts Ltd.	Mount Cain Alpine Park Society	Ski & Ride Smithers
Cypress Mountain	Mount Mackenzie Ski Area	Sno Much Fun Cat Skiing
Dawson Creek Ski & Recreation Association	Mount Seymour	Snowpatch Ski Society
Fairmont Hot Springs Resort Ltd	Mount Timothy Ski Society	Soft Trax
Fernie Alpine Resort	Mount Washington Alpine Resort	Summit Lake Ski Area
Forbidden Plateau	Mt Arrowsmith Ski & Park	Sun Peaks Resort
Garibaldi Alpen Resorts (1996) Ltd	Mt. Baldy Ski Area	Sunset Ridge Ski Society
Great Canadian Heliskiing Ltd.	Murray Ridge Ski Area	Tabor Mountain Ski Resort Ltd.
Grouse Mountain Resorts Ltd.	Panorama Mountain Village	The Clearwater Ski Club
Harper Mountain	Phoenix Mountain Alpine Ski Society	The Hills Health Ranch
Hart Highlands Winter Club	Powder King Mountain Resort	Troll Ski Resort
Hell's Gate Airtram Inc.	Powder Mountain Snowcats Ltd.	Tweedsmuir Ski Club
Hemlock Valley Resorts Inc.	Powder Springs Resort	Tyax Lodge Heli-Skiing
Hudson's Hope Ski Association	Purcell Helicopter Skiing Ltd.	Wapiti Ski Club
Interior Alpine Recreation Ltd.	Purden Ski Village	Whistler Blackcomb
Kicking Horse Mountain Resort	R.K. Heli-Ski Panorama Inc.	Whistler Cross-Country Ski Trails
Kimberley Alpine Resort	Red Resort	Whitetooth Ski Area
Klondike Heliskiing	Retallack Alpine Adventures Ltd.	Whitewater Ski Resort Ltd.
Kootenay Helicopter Skiing		

Source: Canadian Ski Council