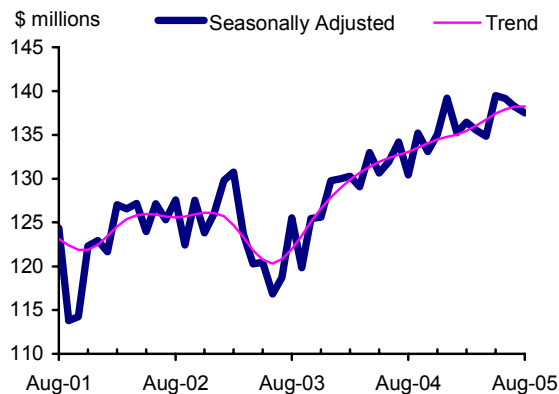


Tourism Sector Monitor ♦ November 2005

Room Revenue

Room revenues continued to slip (-0.5%, *seasonally adjusted*) in August with revenues declining in all regions except Mainland/Southwest (+0.7%). Cariboo (-9.1%) and Northeast (-7.0%) experienced the biggest declines, but revenues were also off significantly in North Coast (-4.6%). In Vancouver Island/Coast, revenues slipped (-0.5%) for the third straight month in August.

Room revenues down again in August



Large hotels (250+ rooms) were busier (+1.4%) in August but other types of accommodation did not fare as well. Hotels with 151-250 rooms experienced a third consecutive decrease (-0.4%) in revenues. Revenues at midsized hotels were flat, while smaller properties (1-75 rooms) posted declines (-2.4%). In addition, motel operators saw revenues decline 7.1% in August. Revenues for other types of accommodations were flat.

*Table 1. Room Revenue
(seasonally adjusted)*

Accommodation Type			
	Aug 05 (\$000)	June 05 (\$000)	% change
Total	137,542	138,198	-0.5
Hotels	102,082	102,000	+0.4
Motels	16,343	17,596	-7.1
Other Accommodations	19,554	19,581	0.0
Regions (Top 3 performers)			
Mainland/Southwest	73,879	73,366	+0.7
Nechako	796	797	-0.2
Thompson-Okanagan	20,484	20,564	-0.4

Visitor Entries

Visitor entries to Canada through BC border crossings continued to decline (-1.6%, *seasonally adjusted*) in August with fewer visitors from most parts of the world. Entries from the US were down 1.4% and overseas visits decreased (-2.7%) largely because Asian entries were weak (-6.6%). There were fewer visitors from most Asian countries. Entries from Europe were flat, and travel from Oceania (-4.4%) was also off.

The number of Canadians re-entering the country through BC borders climbed (+3.9%) in August with 2.5% more people returning home from overseas.

Visitor entries continued to decline

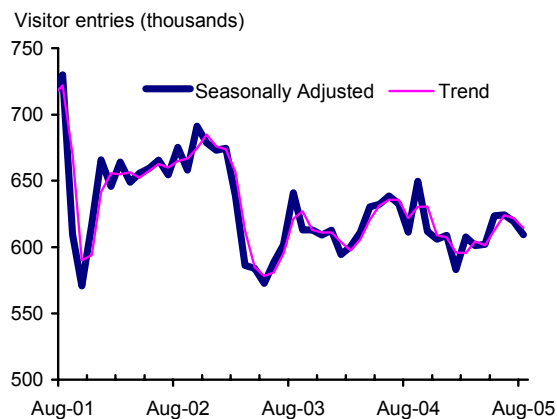


Table 2. Traveller Entries
(seasonally adjusted)

	Aug-05	Jul-05	% chg from Aug-05
	('000)	('000)	
American visitors			
Total	486	492	-1.4
Same-day	193	196	-1.7
Overnight	289	293	-1.3
Overseas visitors			
Total	124	127	-2.7
Europe	42	42	0.0
UK	21	21	1.7
Asia	59	63	-6.6
Japan	21	22	-5.4
Taiwan	6	8	-21.5
Oceania	13	14	-4.4

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

Other Indicators

Other tourism indicators gave mixed signals in August.

The occupancy rate in BC hotels was down 0.4 percentage points (to 63.6%), but room prices increased 0.3% to an average of \$118.60.

The Consumer Price Index for traveller accommodation continued to fall (-3.0%) for the seventh consecutive month. Passenger traffic at the Vancouver airport was down 1.2% in August, but traffic through Victoria increased (+0.7%). Fewer passenger vehicles (-1.3%) passed the toll booth of the Coqui-

halla highway but both vehicle (+0.4%) and passenger (+0.7%) volumes aboard BC Ferries increased after falling in July.

The cost of restaurant food inched up (+0.1%) in August. Sales at drinking places (-2.8%) were off, but receipts at food services establishments improved (+1.3%), boosting overall restaurant, caterer and tavern receipts (+0.9%).

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Aug-05	Change from Jul-05
Hotel Industry		
Occupancy rate	63.6	-0.4 pp.
Average room charge	118.60	0.3%
<i>(Pannell Kerr Forster)</i>		
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total traffic	1,359	-1.2
US (trans-border)	327	-1.3
Other International	332	-3.4
Canada (domestic)	701	0.0
<i>(YVR)</i>		
Victoria International Airport		
Total traffic	108	0.7
<i>(Victoria Airport Authority)</i>		
Restaurant Receipts (\$ millions) (%)		
All establishments	522	0.9
Food service	478	1.3
Drinking places	44	-2.8
<i>(Statistics Canada)</i>		
Transportation (000s) (%)		
Coquihalla Highway		
Passenger Vehicles	220	-1.3
<i>(Ministry of Transportation & Highways)</i>		
BC Ferries		
Vehicle Volume	710	0.4
Passenger Volume	1,808	0.7
<i>(BC Ferries)</i>		
Exchange Rates Cdn \$		
US \$	0.818	0.01
UK Pound	0.467	0.00
Japanese Yen	91.827	0.26
Australian \$	1.091	0.00
<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 climbed (+3.1%, *seasonally adjusted*) in September as seven regions reported growth in revenues. North Coast (-1.5%) was the lone exception.

Hotel revenues rose (+2.2%) in September with increases recorded at all types of hotel establishments. Motel receipts rebounded (+1.6%) after falling in August. Vacation rentals (+3.9%) and non-standard accommodations (+3.8%) including fishing lodges and bed and breakfasts also made gains.

Other tourism indicators were also robust in September. Visitor entries were up (+1.8%, *seasonally adjusted*) with more visitors coming from both the US (+1.9%) and overseas (+1.2%).

Passenger traffic increased at the Vancouver (+1.3%) and Victoria (+3.6%) airports in September. There were also more passengers (+1.1%) aboard BC Ferries, but the volume of vehicles was flat. In addition, more passenger vehicles (+1.9%) travelled on the Coquihalla highway.

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.

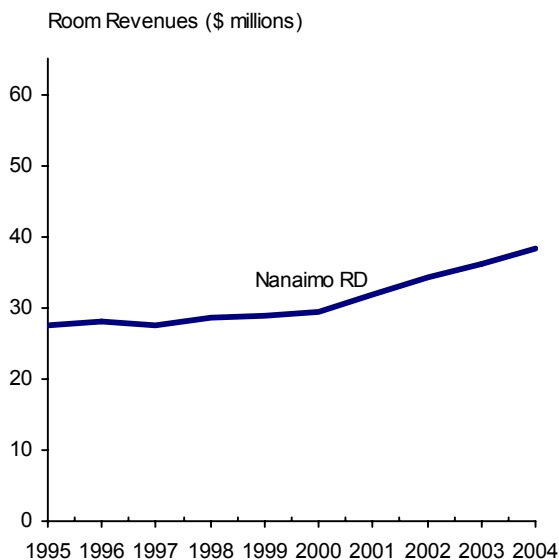
How accurate is the preliminary data? Over 17 reports in 2003 and 2004, room revenues changed (rose or fell on a month-over-month basis) on average by 2.7% (absolute value). The preliminary numbers—reported in the “look ahead” section—were off by an average of 0.5 percentage points. This represents a 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: Nanaimo Regional District

Nanaimo Regional District is the second largest regional district in the Vancouver Island/Coast area, contributing more than \$38 million to BC's total room revenue in 2004.

Nanaimo Regional District boasts one of the mildest climates in Canada, and its proximity to Mount Washington ski resort means that visitors can enjoy numerous recreational opportunities. During winter months, they can ski in the morning and golf or sail in the afternoon. With the region including popular tourist destinations such as the city of Nanaimo, Parksville, Qualicum Beach and Coombs, the Nanaimo Regional District offers visitors a variety of activities such as hiking, fishing and nature exploring in summer, and skiing and snowmobiling in winter.

Room revenues picking up speed in Nanaimo Regional District



Source: BC STATS

The name Nanaimo is derived from the Coast Salish word "Snuneymuxw", which means 'great and mighty people'. The city of Nanaimo has a beautiful harbour front,

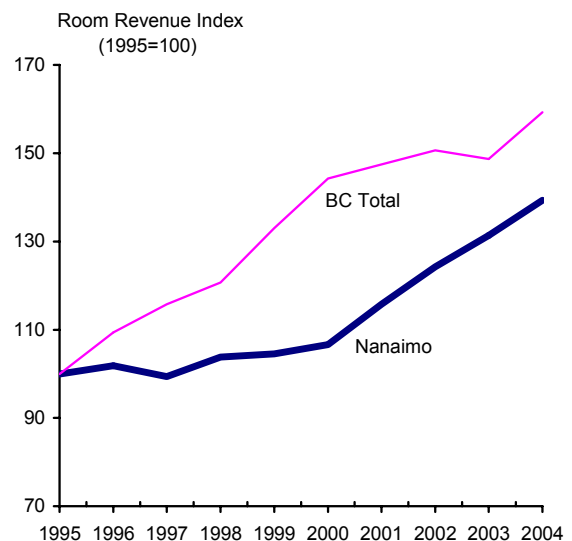
and is the second largest city in the Vancouver Island/Coast region. Nanaimo has unique heritage attractions, a burgeoning arts and culture scene and a myriad of recreational activities to suit every budget.

Nanaimo Regional District room revenues up in 2004

Room revenues in the Nanaimo Regional District increased only marginally between 1995 and 1999, but began to pick up speed in 2000. Since then, revenue growth in the region has outpaced increases in other areas such as the Capital Regional District and Vancouver Island/Coast as a whole.

The Nanaimo Regional District grew 39.3% between 1995 and 2004 compared to Vancouver Island/Coast (+52.6%), and BC total (+58.3%). The increase was largely localized in the city of Nanaimo where revenues shot up 167.9% during this period.

Nanaimo Regional District also growing faster than the BC average

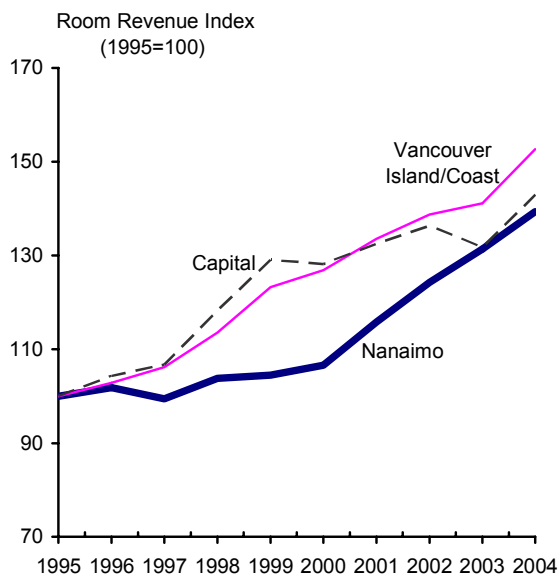


Source: BC STATS

Room revenues at all types of establishments in the Nanaimo Regional District posted strong growth (+6.0%) in 2004, with particularly strong increases at hotels (+8.1%), motels (+6.1%) and bed and breakfasts (+13.5%).

Other accommodation establishments also experienced room revenue growth in 2004. Revenues increased more than twenty percent at both fresh-water fishing and salt-water fishing lodges. Business was also up at campgrounds (+0.8%) and vacation rentals (+3.6%), which provide visitors with different accommodation choices to suit their individual interest and budget.

Revenues increasing faster in Nanaimo Regional District than in other areas on the Island during the period since 2000

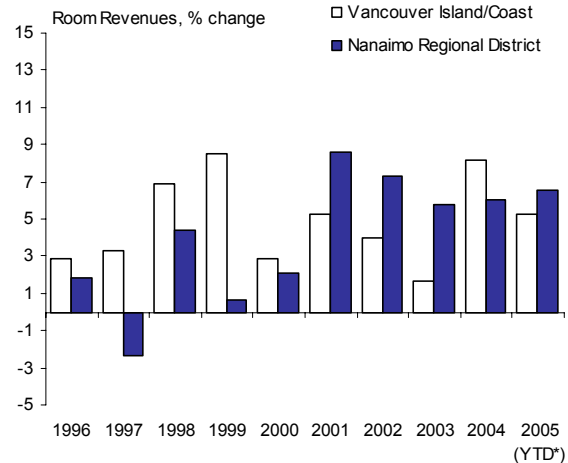


Data Source: BC STATS

Nanaimo Regional District only represents about 13% of the Vancouver Island/Coast region's room revenues, but it has become an important source of revenue growth in the region. The district experienced an increase (+6.5%) in room revenues during the first eight months of 2005 relative to the same period of 2004, outperforming Vancouver Island/Coast as a whole (+5.3%)

and the Capital Regional District (+5.1%), which accounts for about 60% of the revenues in the Vancouver Island/Coast region.

Nanaimo continued to outperform the Capital Regional District in 2005



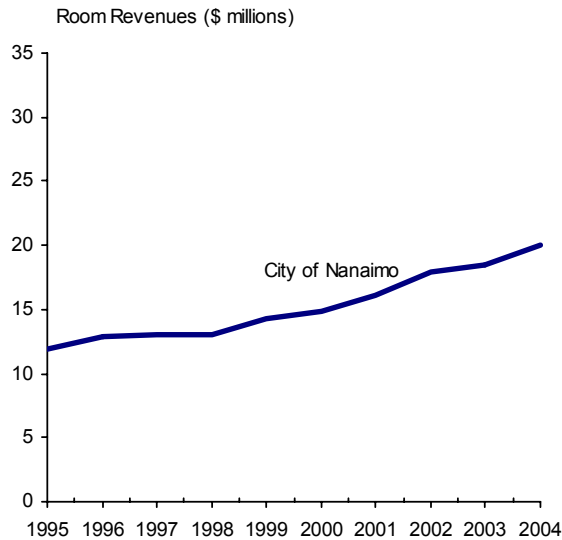
*YTD, year-to date growth covers the period from January to August 2005 compared to the same period in 2004.
Data Source: BC STATS

The City of Nanaimo

The city of Nanaimo is located north of Victoria and is a transfer point, as it is easily accessible from Vancouver via BC Ferries at Departure Bay and Duke Point. As a result, many visitors use Nanaimo as their point of entry to the Vancouver Island/Coast region, which has benefited accommodation properties in the city.

The city of Nanaimo is an important source of revenue growth for Nanaimo Regional District and the Vancouver Island/Coast region. In the first eight months of 2005, double-digit growth of 11.5% was recorded in the city of Nanaimo compared to the same period in 2004. This was nearly double the increase in the city of Victoria (+5.9%), the largest city in the Vancouver Island/Coast region.

City of Nanaimo experienced double-digit growth in the first eight months of 2005

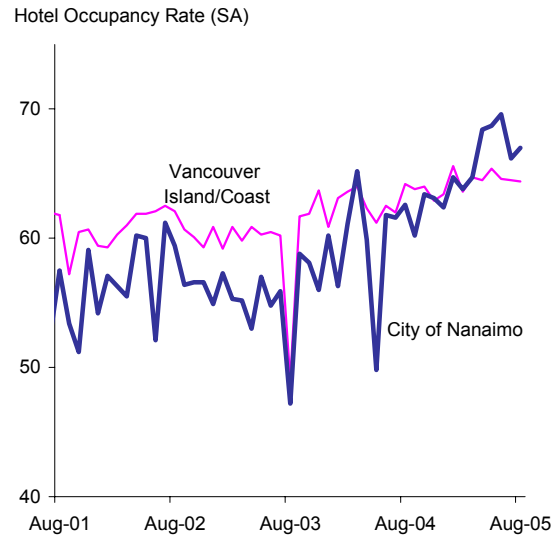


Data Source: BC STATS

Room revenue rose in all types of accommodation establishments with the most growth in hotels (+12.1%), as mid-size hotels (150–250 rooms, +20.9%) were much busier in the first eight months of 2005. Motels (+7.6%) and bed and breakfasts (+7.6%) also fared well compared to the same period of 2004.

The hotel occupancy rate in the city of Nanaimo climbed to 67.0% (*seasonally adjusted*) in August 2005, surpassing the Vancouver Island/Coast region (64.4%), and other areas in the region such as Greater Victoria (66.2%), and Parksville and Qualicum beach (56.9%).

Hotel Occupancy rate in the city of Nanaimo surpassed Vancouver Island/Coast Region in 2005

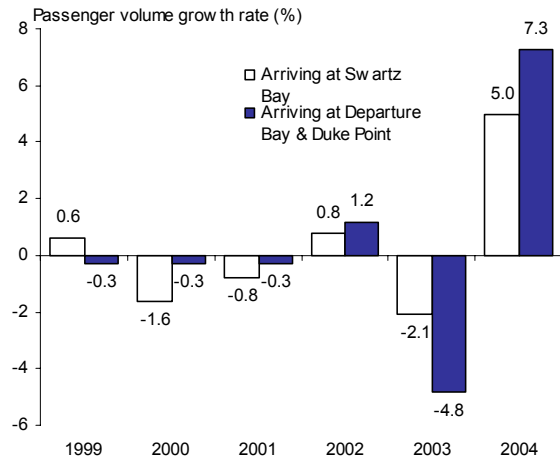


Data Source: Pannell Kerr Forster and BC STATS

Convenient ferry services allow the city of Nanaimo to be a popular stopover spot for travellers who travel not only to Vancouver Island/Coast, but also to Vancouver Island's largest ski destination, Mount Washington ski resort. Mount Washington has long been known for having good snow conditions from early in winter to well past Easter. This accounts, in part, for Mount Washington being the second-busiest winter recreation destination in BC, behind Whistler/Blackcomb located in the lower Mainland. The city of Nanaimo is much closer to Mount Washington than Victoria for people who travel from the mainland.

Overall, both vehicle (+8.4%) and passenger (+7.3%) volumes arriving at Departure Bay and Duke Point climbed in 2004, outperforming Swartz Bay in Victoria with 3.1% more vehicles and 5.1% more passengers aboard.

*More passengers recorded arriving at
Departure Bay & Duke Points than Swartz
Bay in 2004*



Data Source: BC Ferries