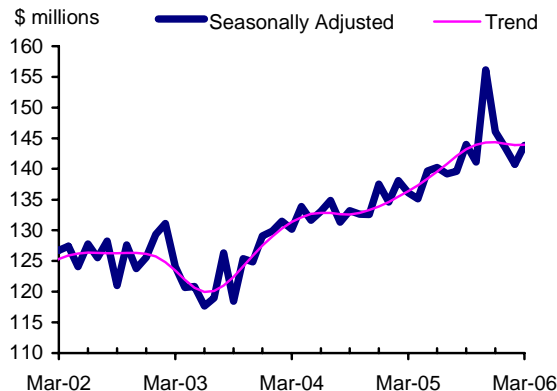


## Tourism Sector Monitor ♦ June 2006

### Room Revenue

Room revenues increased 2.2% in March after falling for three straight months. Northeast recorded the first significant gains (+16.7%) in room revenues since November 2005. Revenues in BC's biggest region, Mainland/Southwest, climbed 3.4%, regaining some of the ground lost at the beginning of 2006. In addition, Cariboo (+2.2%) and Kootenay (+0.6%), also experienced growth in revenues in March. However, room revenues in Vancouver Island/Coast (-0.9%) and Thompson-Okanagan (-0.1%) continued to dip. Nechako recorded slumps (-5.2%) in room revenues after seeing no changes in February. Business at accommodation industries was also off in North Coast (-1.8%).

#### Room revenues climbed in March



Hotels of all sizes experienced growth in revenues in March (+1.3%), after declining for three consecutive months. Hotels with 151-250 rooms posted strongest gains (+6.7%) in room revenues, and small hotels with 1-75 rooms saw revenues advance 1.0%. Business at hotels with 76-150 rooms also inched up (+0.3%). However, very large hotels (250+ rooms) continued to experience declines (-0.2%) in March. Revenues at vacation rentals posted two-digit growth (+14.6%), recovering

from the significant drop in February (-12.4%). And room revenues at non-standard accommodations, including fishing lodges, also jumped 5.2%. However, motels (-1.4%) saw revenue fall for the first time since September 2005.

**Table 1. Room Revenue**  
(seasonally adjusted)

Accommodation Type			
	Mar 06 (\$000)	Feb 06 (\$000)	% change
Total	143,841	140,776	+2.2
Hotels	105,442	104,110	+1.3
Motels	19,671	19,946	-1.4
Other Accommodations	18,612	16,865	+10.4
Regions (Top 3 performers)			
Northeast	5,082	4,354	+16.7
Mainland/Southwest	76,920	74,374	+3.4
Cariboo	4,671	4,568	+2.2

### Visitor Entries

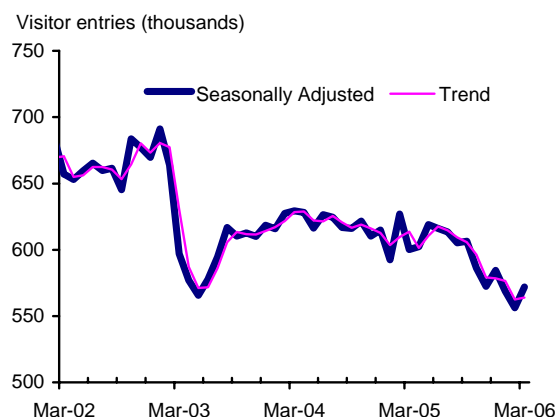
The number of visitors entering Canada via BC borders rose (+2.8%, seasonally adjusted) in March after falling for two consecutive months. Entries from the US, which comprise most of the visits, increased 3.1% as Americans made more same-day (+4.1%) and overnight (+3.1%) trips into BC.

Travel to BC from overseas countries was also up (+1.6%) in March, boosted by a 4.9% increase in the number of Asian entries. Entries from Japan (+6.6%) and Taiwan (+15.3%) were up significantly from the previous month. Visits from Europe (+3.3%) and Oceania (+0.3%) continued to grow.

The number of Canadians returning home via BC also rose (+3.0%). Re-entries from the US were up 3.3%, with same-day car trips in-

creasing 2.0%, the strongest gain in seven months. The number of travellers returning home from trips overseas was up 1.3% in March.

### Visitor entries increased in March



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

	Mar-06 (‘000)	Feb-06 (‘000)	% chg from Feb-06
<b>American visitors</b>			
Total	450	436	3.1
Same-day	172	166	4.1
Overnight	277	269	3.1
<b>Overseas visitors</b>			
Total	122	120	1.6
Europe	40	39	3.3
UK	19	19	-1.2
Asia	60	57	4.9
Japan	19	17	6.6
Taiwan	8	7	15.3
Oceania	12	12	0.3

(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

Other tourism indicators were generally strong in March.

The occupancy rate in BC hotels inched up 0.3 percentage points (to 65.1%). Room prices also increased 0.9% to an average of \$118.20.

The Consumer Price Index for traveller accommodation was 0.6% higher compared to

February. Passenger traffic was busier at Vancouver airport (+2.1%), and Victoria airport experienced no changes in passenger traffic. BC Ferries recorded more passengers (+0.6%) and vehicles (+0.5%) aboard. In addition, 2.4% more passenger vehicles passed the toll booth of the Coquihalla highway.

The cost of restaurant food was up 0.2% in March. Sales fell at drinking places (-8.8%), while food service establishments recorded growth in their receipts (+1.3%). The total tavern receipts rose (+0.3%) in March.

**Table 3. Other Tourism Indicators**  
(seasonally adjusted)

	Mar-01	Change from Feb-01
<b>Hotel Industry</b>		
Occupancy rate	65.1	0.3 pp.
Average room charge	118.20	0.9%
<i>(Pannell Kerr Forster)</i>		
<b>Airport Passengers (000s) (%)</b>		
<b>Vancouver International Airport</b>		
Total traffic	1,410	2.1
US (trans-border)	351	0.4
Other International	336	4.4
Canada (domestic)	723	1.9
<i>(YVR)</i>		
<b>Victoria International Airport</b>		
Total traffic	111	0.0
<i>(Victoria Airport Authority)</i>		
<b>Transportation (000s) (%)</b>		
<b>Coquihalla Highway</b>		
Passenger Vehicles	208	2.4
<i>(Ministry of Transportation &amp; Highways)</i>		
<b>BC Ferries</b>		
Vehicle Volume	708	0.5
Passenger Volume	1,796	0.6
<i>(BC Ferries)</i>		
<b>Exchange Rates Cdn \$</b>		
US \$	0.864	-0.01
UK Pound	0.495	0.00
Japanese Yen	101.327	-1.28
Australian \$	1.189	0.02
<i>(Statistics Canada)</i>		

Note: pp. percentage points

## A look ahead – April 2006

### Room Revenue

Preliminary numbers suggest that after increasing in March, room revenues continued to grow (+0.4%, *seasonally adjusted*) in April, with the strongest increase recorded again in Northeast. Room revenues inched up in Cariboo (+0.9%), Thompson-Okanagan (+0.7%) and Kootenay (+0.5%).

Hotel revenues advanced 0.9% in April. Hotels with less than 150 rooms saw revenue go up for two straight months. Room revenues inched up (+0.4%) at very large hotels with more than 250 rooms. However, Motel receipts continued to slip (-1.5%), and business at non-standard accommodations including fishing lodges and bed & breakfasts (-0.3%) were also off in April.

The number of visitors entering Canada via BC borders inched down (-0.5%, *seasonally adjusted*) in April after rising in March (+2.8%). Entries from the US edged down

(-0.2%) as Americans made fewer same-day (-0.7%), but more overnight (+0.9%) trips into BC. Travel to BC from overseas countries was also off (-1.9%) in April, brought down by a 1.2% decline in the number of Asian entries. However, visits from Europe (+4.8%) and Oceania (+9.2%) continued to grow.

The number of Canadians returning home via BC also edged down (-0.1%). Same-day car trips from the US increased 0.9%. The number of travellers returning home from trips overseas dipped (-0.4%) in April.

Passenger traffic continued to increase (+0.5%) at Vancouver airport, but Victoria airport (-0.2%) was not as busy. In addition, BC Ferries recorded more vehicles (+0.6%) and passenger (+0.4%) aboard, and more passenger vehicles (+3.5%) 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.

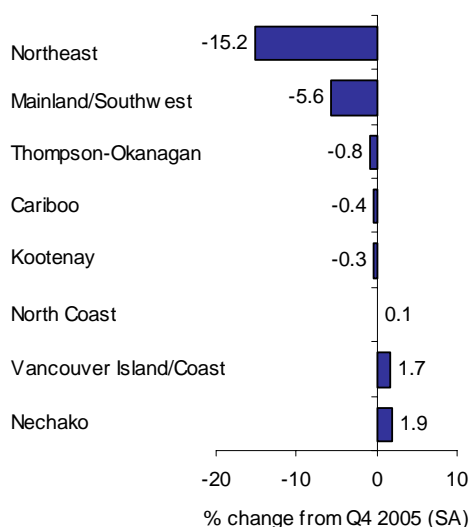
How accurate is the preliminary data? Over 17 reports in 2004 and 2005, BC room revenues changed (rose or fell on a month-over-month basis) on average by 1.7% (absolute value). The preliminary numbers—reported in the “look ahead” section—were less by an average of 0.2 percentage points partly because the initial data retrieved may not be complete until later that month. For example, if the preliminary figure is 1.5, the actual number probably is around 1.7. And if the preliminary figure is -0.5, the actual number is about -0.3.

## Special Focus: First Quarter Review of BC's Tourism Sector

### Room Revenues Slumped in the First Quarter of 2006

Room revenues slumped (-3.4%, *seasonally adjusted*) in the first quarter of 2006, posting the first decline after nine consecutive quarterly gains. Revenues decreased in five regions, and the most significant drop in revenues (-15.2%) was recorded in Northeast. BC's biggest region, Mainland/Southwest, saw room revenues dip 5.6% in the first quarter after increasing 5.8% in the fourth quarter of 2005. Room revenues inched down in Kootenay (-0.3%). In addition, Thompson-Okanagan (-0.8%) and Cariboo (-0.4%) also saw revenues decline.

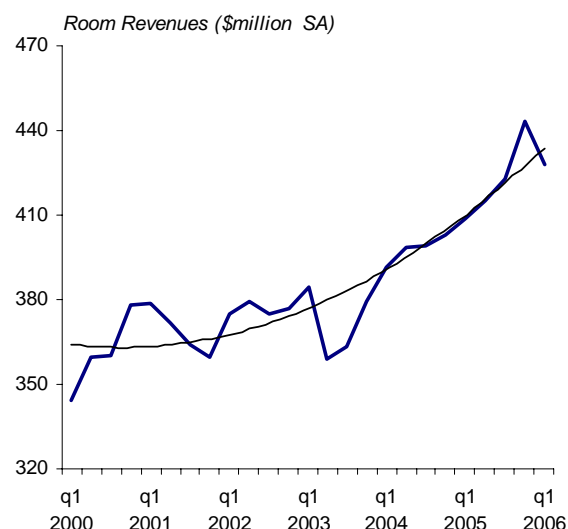
#### Revenues fell significantly in Northeast



Data source: BC Stats

However, room revenues continued to grow in Vancouver Island/Coast (+1.7%) and Nechako (+1.9%). North Coast experienced a small growth (+0.1%) in revenues after falling in the previous quarter. The growth in the above regions was not big enough to compensate the declines in the other regions.

### Room revenues continued an upward trend



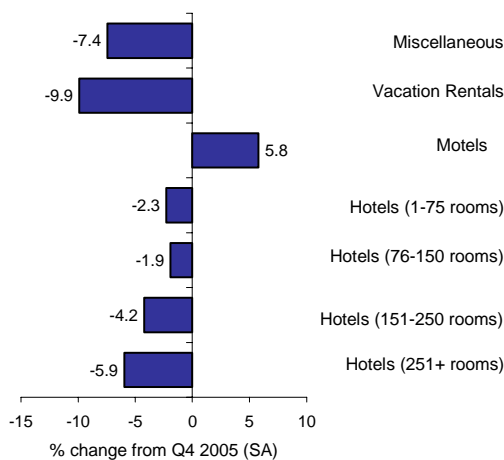
Data source: BC Stats

In the fourth quarter of 2005, revenues reached a new high of over \$440 million. The dip in the first quarter of 2006 brought revenues down to \$428 million, but it was still 1.3% higher than the revenue level in the third quarter of 2005. Room revenues were definitely on a strong growing trend.

Hotels of all sizes all reported decreases in the first quarter of 2006, with revenues sliding 3.9%. Very large (251+ rooms) experienced the biggest decrease of 5.9% in revenues among hotels of all sizes. Large hotels also recorded a 4.2% slump in room revenues. Small hotels (1-75 rooms, -2.3%), and mid-sized hotels (76-150 rooms, -1.9%) did not perform as well in the first quarter of 2006.

Business was much slower at vacation rentals, posting a substantial decline of 9.9%. Room revenues at other types of accommodations, including bed and breakfast, fishing lodges and other kinds of short-term accommodations, also dropped (-7.4%) significantly. However, motels saw room revenues advance 5.8%.

### Most accommodation establishments experienced declines in room revenues



Data source: BC Stats

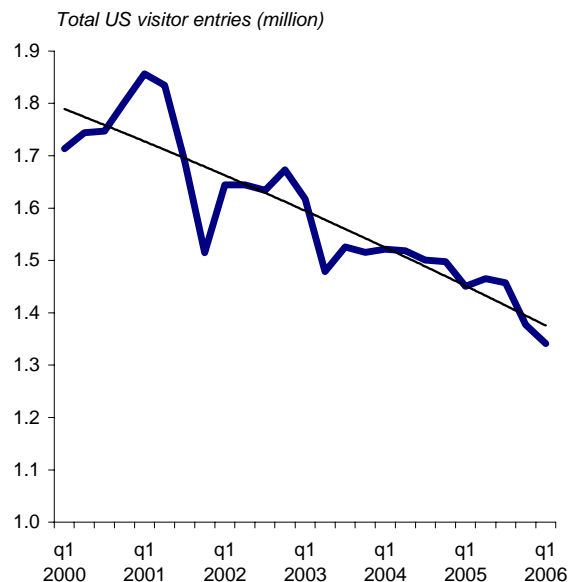
### Visitor entries dipped in the first quarter

Visitor entries to Canada through BC border crossings continued to fall in the first quarter (-2.6%, *seasonally adjusted*), after declining 4.5% in the last quarter of 2005. US entries, accounts for about 80% of the total visitor entries, dropped 2.7%. Same-day visits by Americans were down 5.0%, accompanied by a slump (-1.4%) in overnight traffic in the first quarter.

Overseas entries decreased (-2.6%), with fewer visitors from Europe (-3.8%) and Oceania (-4.8%). However, visits from Asia inched up (+0.1%). Among the overseas markets, UK (-7.7%) and Australia (-5.7%) recorded the biggest decreases in the first quarter.

The number of Canadians re-entering the country via BC border crossings fell 1.0%, after increasing 2.2% in the fourth quarter of 2005. Canadians made fewer car trips to the US (-3.9%), offsetting the growing overseas travels (+2.7%) by Canadian.

### US entries continued a downward trend



Data source: BC Stats

### Other Indicators

Hotel occupancy rates averaged 65.4% (*seasonally adjusted*) in the first quarter, falling 2.2%. Average room rates, at \$117.6, were down 1.6% compared with the fourth quarter of 2005.

Air passenger traffic at Vancouver airport increased 0.9%, and Victoria (+1.1%) experienced higher volumes on all types of flights. BC Ferries welcomed more vehicles (+0.3%), but fewer passengers (-0.1%) on board. Traffic on the Coquihalla Highway was not as busy (-1.1%).

Employment in the major tourism-related industries edged up (+1.7%) in the first quarter of 2006. The number of people working in arts, entertainment & recreation (+1.9%), food & beverage (+1.3%), and accommodation (+3.5%) industries grew significantly. And air transport (+0.5%) industries increased employment moderately.

Restaurant, caterer and tavern receipts continued to climb (+8.0%) in the first quarter, as an increase in revenues at food service establishments (+9.4%) offset lower receipts at drinking places (-6.8%).