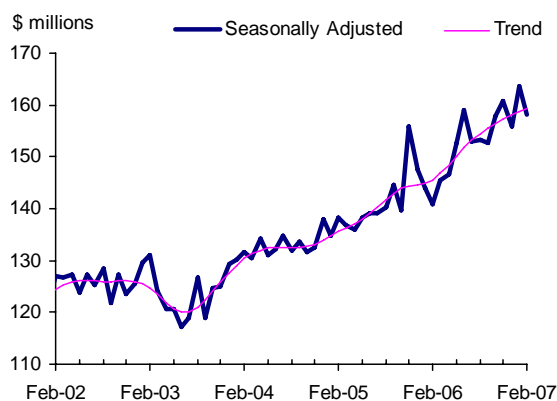


Tourism Sector Monitor ♦ May 2007

Room Revenue

After climbing 5.1% in January, room revenues slumped 3.3% in February with six out of eight regions posting decreases in room receipts. Due to a slow-down at work camps that serve seasonal workers in the area, Northeast experienced the largest decline (-14.1%) in room receipts. Thompson-Okanagan lost ground as revenues fell 11.7%. Nechako (-5.1%), Vancouver Island/Coast (-5.0%), and Cariboo (-0.5%) were also off with respect to revenues. However, business in Kootenay (+2.6%) and North Coast (+0.2%) increased moderately.

Room revenues slumped in February



Decreases in room revenues were recorded for all accommodation types in February. Vacation rentals (-3.0%) and motels (-2.3%) across the province, which fared well in January, saw revenue fall. With virtually no change in room receipts at large hotels (151-250 rooms), declines in revenues at small hotels (1-75 rooms, -1.8%) and very large hotels (251+ rooms; -0.9%) offset the small increase at mid-size hotels (76-150 rooms; +0.1%), resulting an overall 0.6% drop in total hotel

receipts. Other types of accommodations, including fishing lodges, bed and breakfasts, and campgrounds, saw weaker revenue performance (-0.9%)

Table 1. Room Revenue
(seasonally adjusted)

Accommodation Type			
	Feb 07 (\$000)	Jan 07 (\$000)	% change
Total	158,200	163,642	-3.3
Hotels	118,409	119,127	-0.6
Motels	21,260	21,754	-2.3
Other Accommodations	21,425	21,875	-2.1
Regions (Top 3 performers)			
Kootenay	7,672	7,478	+2.6
North Coast	1,982	1,978	+0.2
Mainland/Southwest	85,922	86,077	-0.2

Visitor Entries

The number of travellers arriving in Canada through BC fell (-0.9%) in February. This drop in the overall total is largely due to a slump in the number of visitors from the US (-1.3%) with fewer same-day (-2.1%) travels and overnight stays (-0.9%) in February.

Visits to Canada from overseas locations inched up (+0.3%), which can be explained by increases in the number of both European (+1.7%) and Oceanian (+0.4%) travellers coming to BC, overshadowing the dip in Asian entries (-1.3%).

The number of Canadians returning home through BC slipped (-5.8%) in February. Trips to the US were off 6.7%, and there was also a smaller number of Canadians that returned home from overseas (-0.2%).

Visitor entries dropped 0.9% in February

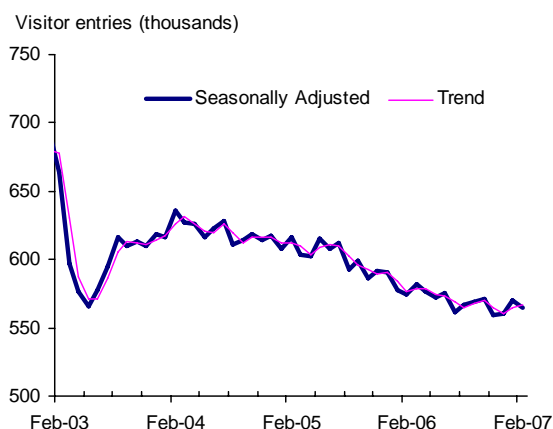


Table 2. Traveller Entries
(seasonally adjusted)

	Feb-07 (‘000)	Jan-07 (‘000)	% chg from Jan-07
American visitors			
Total	439	444	-1.3
Same-day	152	155	-2.1
Overnight	287	289	-0.9
Overseas visitors			
Total	126	125	0.3
Europe	43	42	1.7
UK	21	20	4.8
Asia	59	60	-1.3
Japan	17	16	1.8
Taiwan	6	6	13.8
Oceania	13	13	0.4

(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

In February, BC’s hotel occupancy rate dropped a significant 10.1 percentage points to 54.8%. Room rates in the province also fell to an average price of \$119.20, down 1.8 percentage points from the previous month.

Passenger traffic at Vancouver (-0.9%) and Victoria (-1.1%) airports was slower in February. BC Ferries experienced drops in both

vehicle (-0.4%) and passenger traffic (-1.2%). A moderate 1.0% increase in the number of vehicles on the Coquihalla was also recorded in February.

Revenues at BC’s food service and drinking establishments fell 0.3% in February. Business at drinking establishments (-8.1%) slowed considerably, and this decline offset a small increase in receipts at BC’s food service establishments (+0.2%).

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Feb-07	Jan-07	Change from
Hotel Industry			
Occupancy rate (%)	54.8	-10.1 pp.	
Average room charge (\$)	119.20	-1.8 pp.	
<i>(Pannell Kerr Forster)</i>			
Airport Passengers (000s) (%)			
Vancouver International Airport			
Total traffic	1,428	-0.9	
US (trans-border)	359	-4.2	
Other International	343	4.6	
Canada (domestic)	727	-1.7	
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	118	-1.1	
<i>(Victoria Airport Authority)</i>			
Transportation (000s) (%)			
Coquihalla Highway			
Passenger Vehicles	221	1.0	
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	711	-0.4	
Passenger Volume	1,802	-1.2	
<i>(BC Ferries)</i>			
Exchange Rates Cdn \$			
US \$	0.854	0.00	
UK Pound	0.436	0.00	
Japanese Yen	102.902	0.47	
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 – March 2007

Early returns show that provincial room revenues trended up (+2.9%) in March, recovering some of the ground lost in February (-3.0%). All regions except Kootenay (-0.3%), which was the top performer in February, saw revenues perform well. Northeast (+17.9%) led the province in growth in room receipts. Nechako (+12.1%) and North Coast (+11.0%) also experienced substantial increases in revenues. Business at Mainland/Southwest (+3.7%) and Vancouver Island/Coast (+2.2%) grew after weak performances in February.

Overall, revenues at hotels rose 1.1% in March as hotels of all sizes experienced gains in room receipts. Revenues at vacation rentals bounced back (+13.9%) from the significant fall (-11.9%) in February. Fishing lodges, bed and breakfasts, and other types of

accommodations (+3.6%), showed strong growth as well. However, revenues at motels continued to slump (-2.8%).

International visitor entries to Canada through BC continued to fall (-0.6%) in March. There were fewer travellers arriving from the US (-0.8%) as a decrease in overnight stays (-2.1%) was recorded. The number of visitors from overseas inched up (+0.1%) with a greater number of guests from both Asia (+0.1%) and Oceania (+2.3%) coming to BC, offsetting a decline in the number of visitors from Europe (-3.1%).

Passenger volume at Vancouver airport increased (+1.5%), and volume through Victoria airport also rose (+2.6%) in March. BC Ferries saw increases in both vehicle (+0.5%) and passenger (+0.4%) volume.

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.

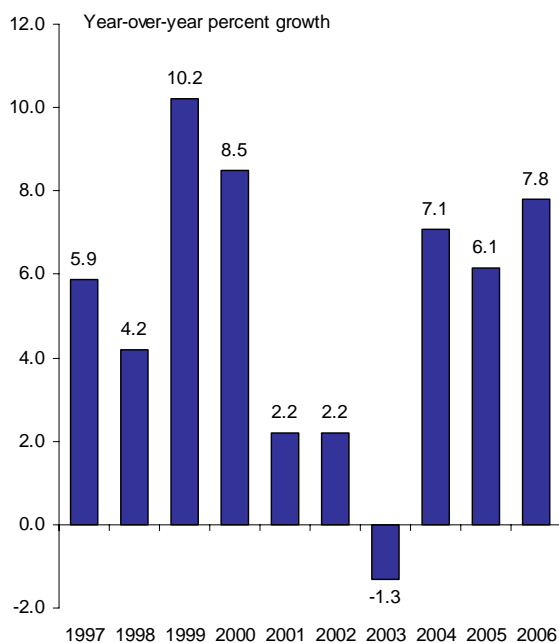
How accurate is the preliminary data? Over 17 reports in 2004 and 2005, BC room revenues changed (rose or fell on a month-over-month basis) on average by 1.7% (absolute value). The preliminary numbers—reported in the “look ahead” section—were less by an average of 0.2 percentage points partly because 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: Room Revenues in 2006

Revenues continued on an upward trend

Room revenues at hotels, motels and other establishments in British Columbia increased 7.8%, reaching over \$1.8 billion in 2006, the highest level since 1995. The persistent growth for the third consecutive year highlights the strength of BC's tourism economy.

Persistent growth in room revenues in 2006 in BC



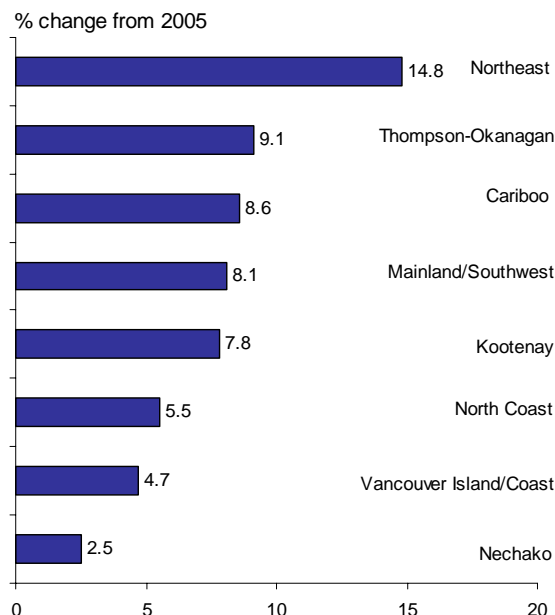
Data Source: BC Stats

Northeast continued to be the top performer in 2006

All regions of the province experienced increases in revenues in 2006. For the fourth time, the Northeast region outperformed the rest of BC, posting a growth rate of 14.8%. This follows a gain of 22.1% in 2003, 12.2% in 2004, and 21.9% in 2005. Thompson-Okanagan (+9.1%), Kootenay (+7.8%)

and Vancouver Island/Coast (+4.7%) continued their upward trend since 1997. BC's most populated region, Mainland/Southwest (+8.1%), also made significant gains in room revenues. Cariboo (+8.6%) was also a major engine of revenue growth, as was North Coast (+5.5%). After a robust increase of 15.2% in 2005, revenues in Nechako rose only a moderate 2.5% in 2006.

Northeast outperformed the rest of BC in 2006



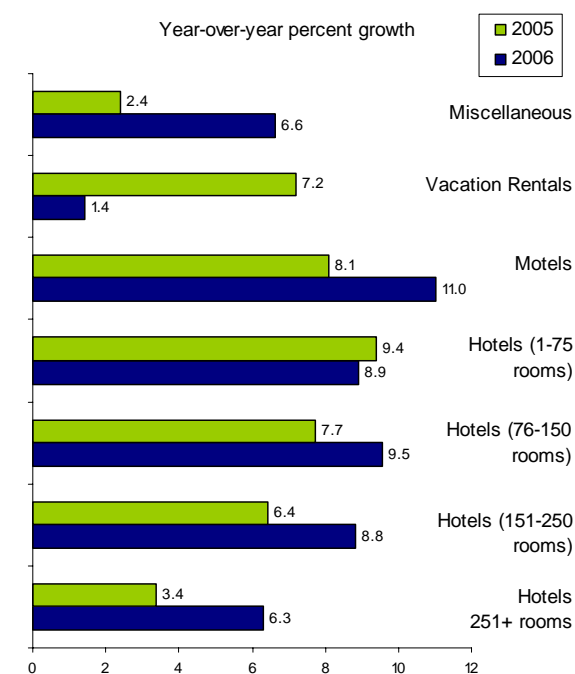
Data Source: BC Stats

Revenues up at all types of establishments

Motels (+11.0%) outperformed hotels (+8.1%), vacation rentals (+1.4%), and other types of accommodation properties (+6.6%; including bed and breakfast, fishing lodges and other types of short-term accommodation). This is not much different from 2005, when revenues at motels (+8.1%) surpassed those of hotels (+6.0%) and vacation rentals (+7.2%).

In 2006, motels posted strong, persistent and consistent increases, proving themselves to be strong competition for hotels, and replacing small hotels (1-75 rooms, +8.9%) as the top performers in 2006. Hotels with 76-150 rooms posted the strongest gain (+9.5%) among hotels, followed by large hotels (151-250 rooms, +8.8%). Very large hotels (251+ rooms) grew faster than they did in 2005, showing a 6.3% increase in revenues.

Small hotels posted strongest gain



Data Source: BC Stats