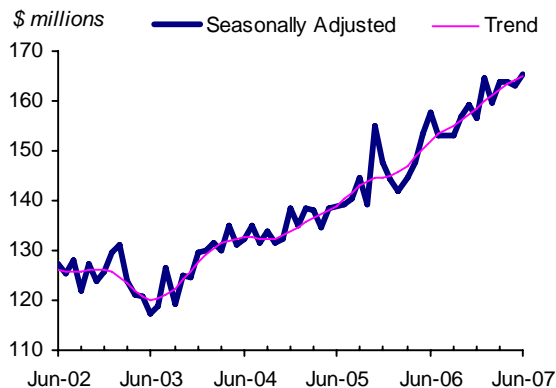


## Tourism Sector Monitor ♦ September 2007

### Room Revenue

After falling in May (-0.4%), room revenues posted a 1.4% gain in June. Increases in room revenue were recorded in North Coast (+9.9%), Northeast (+4.4%), Kootenay (+3.9%), Thompson/Okanagan (+3.6%) and Mainland/Southwest (+1.2%). Revenues in Nechako (-21.5%) and Cariboo (-3.5%) were down following significant gains in the previous month. In addition, Vancouver Island/Coast (-0.2%) continued to trend downward.

#### Room revenues were up 1.4% in June



Revenues at vacation rentals and other types of accommodation were up (+3.2%), while business at hotels was off (-0.4%). Specifically, revenues at large hotels (151-250 rooms; -2.4%) witnessed the largest month-over-month decrease since December 2006 and revenues at small hotels (1-75 rooms; -0.8%) also declined. Returns at the province's motels fell (-0.1%) for the fifth straight month in June.

Table 1. Room Revenue  
(seasonally adjusted)

Accommodation Type			
	Jun 07 (\$000)	May 07 (\$000)	% change
Total	165,383	163,135	+1.4
Hotels	119,611	120,132	-0.4
Motels	20,296	20,326	-0.1
Other Accommodations	23,513	22,786	+3.2
Regions (Top 3 performers)			
North Coast	2,392	2,178	+9.9
Northeast	6,004	5,752	+4.4
Kootenay	8,230	7,920	+3.9

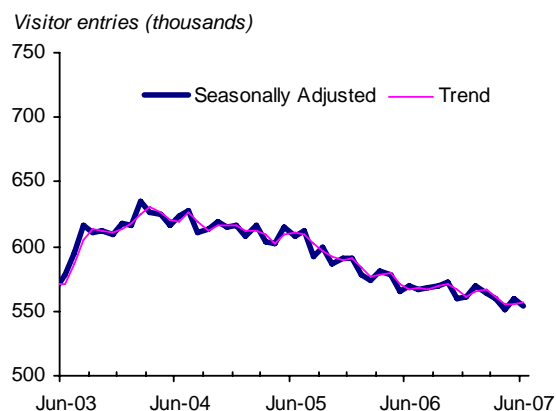
### Visitor Entries

Visitor entries to Canada via BC decreased 1.2% in June, following an increase in visitor entries recorded in May. Travel to BC from the US declined 1.8% as Americans made fewer same-day (-2.4%) and overnight (-1.5%) trips.

Entries from overseas rose 0.9% as the number of travellers from Europe (+3.8%) and Asia (+0.3%) increased. However, entries from Oceania fell (-3.6%) in June for the first time since January.

The number of Canadians returning home via BC climbed 2.4%. Same-day trips to the US increased 4.2% and the number of travellers returning home from trips overseas inched up (+0.4%) in June.

### Visitor entries dipped in June



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

	Jun-07 (‘000)	May-07 (‘000)	% chg from May-07
<b>American visitors</b>			
Total	425	433	-1.8
Same-day	146	150	-2.4
Overnight	279	283	-1.5
<b>Overseas visitors</b>			
Total	128	127	0.9
Europe	45	43	3.8
UK	21	21	0.7
Asia	58	58	0.3
Japan	16	17	-4.0
Taiwan	6	6	2.9
Oceania	15	15	-3.6

(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 June, BC’s hotel occupancy rate remained relatively unchanged at 66.8% (-0.1 percentage points). In addition, room rates in the province were similar to those recorded in May and averaged \$127.80 (-0.3%).

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

	Jun-07	Change from May-07
<b>Hotel Industry</b>		
Occupancy rate (%)	66.8	-0.1 pp.
Average room charge (\$)	127.80	-0.3
<i>(Pannell Kerr Forster)</i>		
<b>Airport Passengers (000s) (%)</b>		
<b>Vancouver International Airport</b>		
Total traffic	1,441	0.0
US (trans-border)	359	0.8
Other International	336	-0.4
Canada (domestic)	746	-0.2
<i>(YVR)</i>		
<b>Victoria International Airport</b>		
Total traffic	121	-2.6
<i>(Victoria Airport Authority)</i>		
<b>Restaurant Receipts (\$ millions) (%)</b>		
All establishments	558	-0.7
Food service	519	-1.2
Drinking places	39	6.1
<i>(Statistics Canada)</i>		
<b>Transportation (000s) (%)</b>		
<b>Coquihalla Highway</b>		
Passenger Vehicles	230	2.3
<i>(Ministry of Transportation)</i>		
<b>BC Ferries</b>		
Vehicle Volume	717	0.4
Passenger Volume	1,825	0.7
<i>(BC Ferries)</i>		
<b>Exchange Rates Cdn \$</b>		
US \$	0.939	+0.03
UK Pound	0.473	+0.01
Japanese Yen	115.181	+4.88
Australian \$	1.115	+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.

Passenger volume at Vancouver airport remained unchanged but volume through Victoria airport declined 2.6% in June. BC Ferries saw increases in both passenger (+0.7%) and vehicle (+0.4%) volume, while the number of passenger vehicles travelling

on the Coquihalla Highway also increased (+2.3%).

Restaurant, caterer and tavern receipts in the province fell 0.7% (*seasonally adjusted*) in June, as increases in revenues at drinking places (+6.1%) was offset by a reduction at food service establishments (-1.2%).

## A look ahead—July 2007

Early returns show that provincial room revenues decreased 1.9% in July as Northeast (-3.4%), Cariboo (-3.1%), Mainland/Southwest (-2.8%), Kootenay (-2.2%), Thompson/Okanagan (-2.0%) and North Coast (-1.4%) posted revenue losses. The only regions that witnessed an increase were Nechako (+8.1%) and Vancouver Island/Coast (+1.2%).

Overall, receipts at hotels continued to slide 1.3% as revenues at very large hotels (251+ rooms) were down 2.7% in July. Motel revenues remain on a downward trend as business was off (-5.2%) for the third straight month. Following strong revenue gains in June, vacation rentals witnessed a 4.7% decline and business at fishing lodges,

bed and breakfasts, and other types of accommodation also dipped (-1.4%).

Visitor entries to the province continued to fall in July (-6.0%). The number of visitors from the US dropped (-7.6%), mainly due to a significant decline in overnight visits (-9.0%). Although entries from Asia increased 2.7%, fewer visitors from Oceania (-2.7%) and Europe (-0.8%) contributed to an overall 0.5% decrease in overseas entries.

Passenger volume at Vancouver airport declined 0.3%, but volume through Victoria airport was up 2.2%. Following increases in May and June, BC Ferries reported decreases in passenger (-0.6%) and vehicle (-0.4%) volume in July.

### 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.

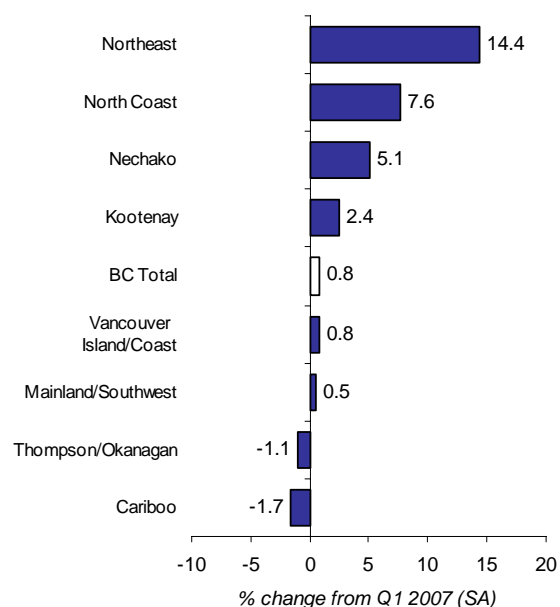
How accurate is the preliminary data? Over 17 reports in 2004 and 2005, BC room revenues changed (rose or fell on a month-over-month basis) on average by 1.7% (absolute value). The preliminary numbers—reported in the “look ahead” section—were less by an average of 0.2 percentage points partly because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

### Room Revenue

Room revenues showed modest gains (+0.8%) in the second quarter of 2007. Although Mainland/Southwest (+0.5%) was below the provincial average (and accounts for approximately 50% of total room revenues), the northern regions of the province were the main drivers of growth. Specifically, revenues were up in Northeast (+14.4%), North Coast (+7.6%) and Nechako (+5.1%). In addition, Kootenay (+2.4%) witnessed an increase in room revenues for the sixth straight quarter.

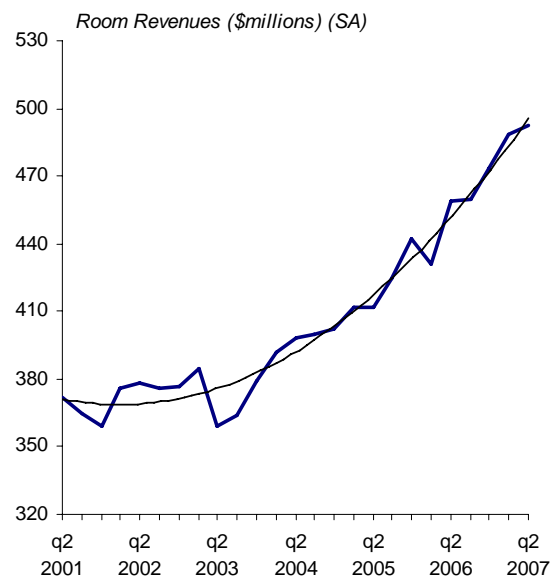
#### *The North witnessed the largest increase in room revenues*



Source: BC Stats

Room revenues in the second quarter of 2007 reached approximately \$492 million. However, revenue growth was lower than the previous two quarters.

### *Room revenue growth slowed in the second quarter of 2007*

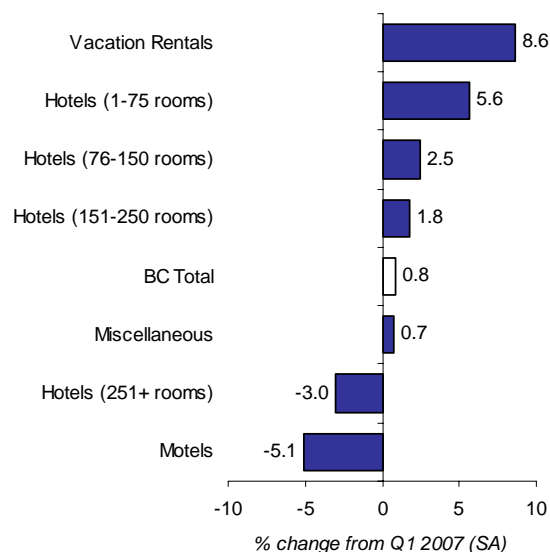


Source: BC Stats

Hotel receipts rose 0.8% in the second quarter. Small hotels (1-75 rooms; +5.6%), mid-sized hotels (76-150 rooms; +2.5%) and large hotels (151-250 rooms; +1.8%) witnessed growth. However, room revenues at very large hotels (251+ rooms; -3.0%) decreased for the first time since the third quarter of 2006.

Following a strong performance in the first quarter, room revenues at motels posted a 5.1% decline. However, vacation rentals recorded an overall 8.6% increase and led all accommodation types. In addition, other types of accommodation, including bed & breakfasts, fishing lodges and other short-term accommodation, experienced a 0.7% revenue gain.

**Most types of accommodation establishments experienced growth in room revenues**



Source: BC Stats

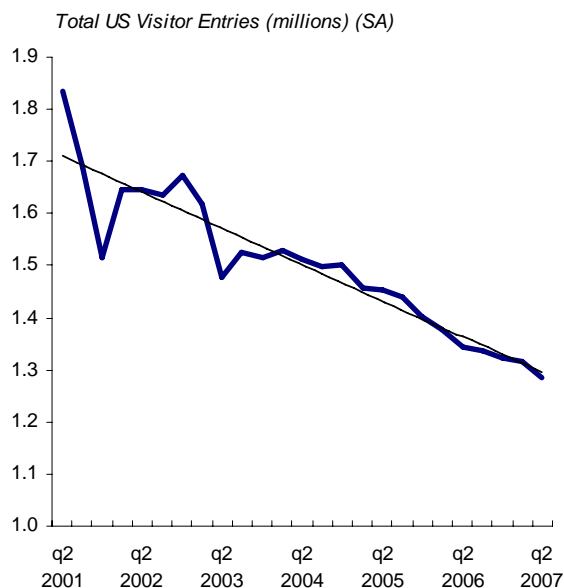
## Visitor Entries

Visitor entries to Canada through BC border crossings declined (-1.6%, *seasonally adjusted*). Accounting for about 80% of total visitor entries, US entries fell (-2.2%), continuing the downward trend since the first quarter of 2005. This was a result of declines in same-day (-3.1%) and overnight (-1.7%) visits by Americans.

Visits by overseas guests inched higher (+0.4%). Entries from Asia, the major source of overseas visits, declined 2.4% in the second quarter. However, this was offset by increases in visits from Europe (+0.4%) and Oceania (+10.0%), with most visitors from this region originating from Australia (+9.6%).

The number of Canadians re-entering the country via BC during the April to June 2007 period increased 1.4% for the first time since the third quarter of 2006. Canadians made more trips to the US (+1.7%), but slightly fewer visits to overseas countries (-0.4%).

## US entries continued to decline



Source: BC Stats

## Other Indicators

Hotel occupancy rates averaged 66.9% (*seasonally adjusted*) in the second quarter, remaining relatively unchanged (-0.2 percentage points). The average room rate in BC, at \$128.20, increased 0.4% from the first quarter.

Both the Victoria (+2.6%) and Vancouver (+0.6%) airports were busier, experiencing higher passenger volumes. Traffic along the Coquihalla Highway was up 1.1%, while BC Ferries witnessed declines in the number of vehicles (-0.2%) and passengers (-0.1%).

Employment in the major tourism-related industries rose 0.8% in the second quarter. Specifically, food & beverage services (+0.9%), accommodation (+0.9%), arts, entertainment & recreation (+0.5%) and air transportation (+0.4%) recorded increases in their employment levels.

BC's restaurant, caterer and tavern receipts remained relatively unchanged (-0.1%), as an increase in revenues at drinking places (+5.4%) was offset by a decline in sales at food service establishments (-0.4%).