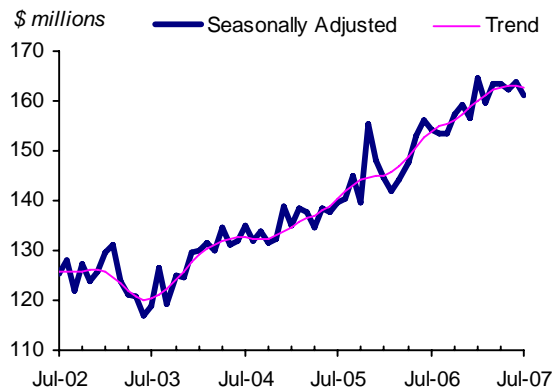


Tourism Sector Monitor ♦ October 2007

Room Revenue

Provincial room revenues were down 1.7% in July, the fourth month-over-month decrease in 2007. Although Vancouver Island/Coast (+1.6%) and Nechako (+1.3%) recorded revenue gains, these were not enough to offset declines in the other six regions of the province. Specifically, revenues fell in Mainland/Southwest (-2.7%), Kootenay (-2.1%), Northeast (-2.0%), Thompson/Okanagan (-1.8%), North Coast (-1.7%) and Cariboo (-1.6%).

Room revenues fell 1.7% in July



All accommodation types recorded a decrease in room revenues in July. Returns at the province's hotels were down 1.2%, with very large hotels (251+ rooms; -2.7%), large hotels (151-250 rooms; -1.0%) and small hotels (1-75 rooms; -0.7%) posting a drop in revenues. In addition, motels (-4.7%) and other types of accommodation (-2.6%) witnessed the largest declines since February.

Table 1. Room Revenue
(seasonally adjusted)

Accommodation Type			
	Jul 07 (\$000)	Jun 07 (\$000)	% change
Total	160,966	163,690	-1.7
Hotels	117,958	119,364	-1.2
Motels	19,356	20,305	-4.7
Other Accommodations	22,861	23,468	-2.6
Regions (Top 3 performers)			
Vancouver Island/Coast	29,718	29,247	+1.6
Nechako	969	957	+1.3
Cariboo	4,820	4,899	-1.6

Visitor Entries

Visitor entries to Canada via BC continued a downward trend (-6.0%) in July. Entries from the US, which account for most of the visits, were down (-7.7%) as Americans made fewer same-day (-5.2%) and overnight (-9.0%) trips.

Entries from overseas also fell (-0.5%) as the number of travellers from Oceania (-3.0%) and Europe (-1.0%) decreased. However, entries from Asia increased (+2.5%) for the third straight month.

The number of Canadians returning home via BC inched down (-0.6%). Same-day trips to the US declined 2.4%, while the number of travellers returning home from trips overseas increased 0.9% in July.

Visitor entries plunged in July

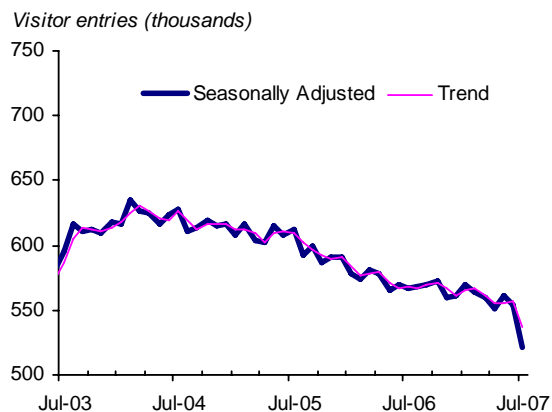


Table 2. Traveller Entries
(seasonally adjusted)

	Jul-07 (‘000)	Jun-07 (‘000)	% chg from Jun-07
American visitors			
Total	393	426	-7.7
Same-day	139	146	-5.2
Overnight	254	280	-9.0
Overseas visitors			
Total	127	128	-0.5
Europe	44	45	-1.0
UK	22	21	1.1
Asia	60	58	2.5
Japan	16	16	1.5
Taiwan	6	6	-0.7
Oceania	14	15	-3.0

(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 July, BC’s hotel occupancy rate fell for the third straight month (-0.5 percentage points) to 66.1%. The average room rate (\$128.00) was relatively unchanged from June (+0.2%).

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Jul-07	Change from Jun-07
Hotel Industry		
Occupancy rate (%)	66.1	-0.5 pp.
Average room charge (\$)	128.00	0.2
<i>(Pannell Kerr Forster)</i>		
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total traffic	1,435	-0.3
US (trans-border)	349	-2.8
Other International	350	4.5
Canada (domestic)	737	-1.3
<i>(YVR)</i>		
Victoria International Airport		
Total traffic	124	2.3
<i>(Victoria Airport Authority)</i>		
Restaurant Receipts (\$ millions) (%)		
All establishments	556	0.1
Food service	512	-0.9
Drinking places	44	12.9
<i>(Statistics Canada)</i>		
Transportation (000s) (%)		
Coquihalla Highway		
Passenger Vehicles	226	-1.8
<i>(Ministry of Transportation)</i>		
BC Ferries		
Vehicle Volume	714	-0.4
Passenger Volume	1,815	-0.6
<i>(BC Ferries)</i>		
Exchange Rates Cdn \$		
US \$	0.952	+0.01
UK Pound	0.468	0.00
Japanese Yen	115.594	+0.41
Australian \$	1.098	-0.02
<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 fell (-0.3%) but volume through Victoria airport increased 2.3% in July. BC Ferries recorded declines in both passenger (-0.6%) and vehicle (-0.4%) volume, while the number of

passenger vehicles travelling on the Coquihalla Highway also decreased (-1.8%).

Restaurant, caterer and tavern receipts in the province inched up (+0.1%, *seasonally adjusted*) in July, as a reduction in revenues at food service establishments (-0.9%) was offset by an increase in sales at drinking places (+12.9%).

A look ahead—August 2007

Early returns show that provincial room revenues increased 0.6% in August. Revenues were up in Nechako (+6.7%), Northeast (+2.8%), Cariboo (+2.8%), Mainland/Southwest (+1.6%), Kootenay (+1.3%) and Thompson/Okanagan (+0.6%). Vancouver Island/Coast (-3.5%) was the only region to record a decrease while revenues in North Coast remained unchanged from July.

Receipts at hotels rose 0.9% in August, ending a three-month-long downturn, as revenues at very large hotels (251+ rooms) posted a 2.4% gain. Motel revenues also increased (+0.6%) following July's poor performance. Revenues at vacation rentals

remained unchanged while business at fishing lodges, bed and breakfasts, and other types of accommodation improved (+2.0%).

Visitor entries to the province climbed (+3.3%) in August. The number of visitors from the US rebounded (+4.4%) mainly due to a significant increase in overnight visits (+5.8%). Although entries from Oceania rose 1.0%, fewer visitors from Asia (-0.6%) and Europe (-0.4%) contributed to an overall 0.3% decrease in overseas entries.

Passenger volume at both the Vancouver and Victoria airports increased 0.8%. BC Ferries experienced a reduction in passengers (-0.4%) while vehicle volume was up (+0.4%) in August.

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 21 reports in 2006 and 2007, BC room revenues changed (rose or fell on a month-over-month basis) on average by 2.4% (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:

Sharing the Wealth—Visitor Interests and Expenditures in BC

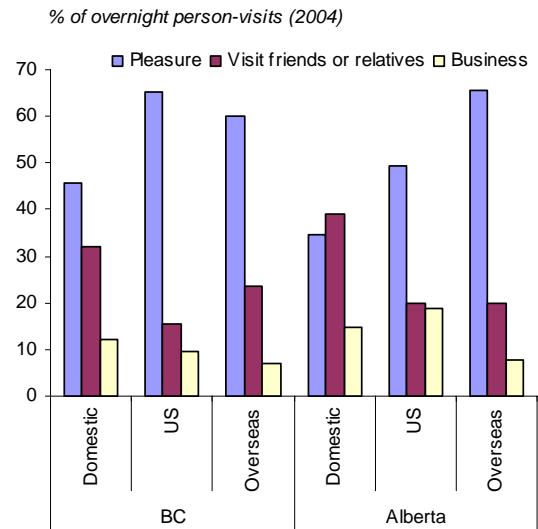
British Columbia provides a wealth of opportunities for domestic, US and overseas visitors through its recreational and cultural amenities and world-class accommodations. In 2005, the tourism sector contributed approximately \$5.4 billion to provincial GDP and employed 120,000 workers. Given the importance of this sector to the provincial economy, it is relevant to examine visitors' motivations for travelling to BC and their economic contributions to the province in the form of trip-related expenditures.¹

Domestic, US and overseas visitors travel to BC primarily for pleasure

Based on overnight domestic visits in 2004, "pleasure" was the most commonly cited reason for travelling to BC (46%) and within Canada (42%). Approximately 4.5 million person-visits were made to the province for that purpose. Compared to Alberta, BC's closest provincial competitor in the tourism market, a lower percentage (35%) of domestic visitors travelled for pleasure.

Visiting friends or relatives was the second most frequently cited reason for visiting BC in 2004, totalling 3.1 million person-visits or 32% of all overnight domestic visits. Business trips comprised 12% of all overnight visits to the province compared to 15% in Alberta and 10% at the national level.

A higher proportion of domestic and US visitors travel to BC for pleasure compared to neighbouring Alberta



Close to 4.0 million visits to BC from the US were recorded in 2004. Most (81%) travelled to the province for pleasure or to visit friends or relatives, a higher proportion compared to Alberta (69%) and the national average (78%). The percentage of overnight visitors from the US that travelled to BC for business purposes (10%) was lower than Alberta (19%) and the national average (13%).

A total of 1.5 million overseas visitors stayed one or more nights in the province in 2004 and a significant proportion (60%) travelled for pleasure. This was lower than Alberta (66%) but above the national average (51%). Business trips accounted for 7% and 8% of total overseas visits to BC and Alberta, respectively. At the national level, 12% of overseas visitors to Canada were business travellers.

¹ Information presented is based on Statistics Canada's *Canadian Travel Survey* (replaced with the *Travel Survey of Residents of Canada* in 2005) and *International Travel Survey*.

On a per visit basis, domestic and overseas travellers spend more in BC than in any other province

Domestic overnight visitors to BC spent over \$3.1 billion in 2004, or \$317 per person-visit. This level of expenditure was the highest in Canada and almost \$100 more than the national average (\$221). In comparison, average visitor expenditures in Ontario (\$202) and Quebec (\$192) were well below BC's.

Overseas travellers spend more in BC per visit than US and domestic travellers combined

	Person-Visits (000s)	Average Expenditure (\$)	Average Nights
Domestic			
BC	9,809	317	4.2
Alberta	9,245	260	3.2
Ontario	32,431	202	2.9
Quebec	24,830	192	2.7
Canada	91,173	221	3.1
US			
BC*	3,962	518	3.7
Alberta	1,030	748	4.9
Ontario	7,466	418	3.4
Quebec	2,363	587	3.6
Canada	16,502	495	3.7
Overseas			
BC*	1,485	1,126	11.8
Alberta	796	959	9.2
Ontario	1,814	906	12.5
Quebec	978	980	10.7
Canada	5,493	981	11.4

* Includes Yukon Territory, Northwest Territories and Nunavut

Note: Estimates are based on overnight visits

Overnight domestic visitors to BC stayed 4.2 nights in the province in 2004, one night longer than the national average (3.1). In addition, the average duration of overnight trips was higher than Alberta (3.2), Ontario (2.9), and Quebec (2.7). This may explain the relatively high average person-visit expenditure in BC, as visitors tend to stay in the province for a longer period of time and therefore spend more during their trip.

Similar to other provinces and the national average, most expenditures incurred by overnight domestic visitors to BC were related to accommodation (\$776.8 million; 25%), food or beverages purchased at restaurants or bars (\$615.5 million; 20%) and vehicle costs (\$510.8 million; 16%).

US visitors to BC spent on average \$518 per person-visit in 2004. This was higher than the national average (\$495) but below the average expenditure in Alberta (\$748) and Quebec (\$587). Overall, expenditures by US overnight visitors were approximately \$2.1 billion.

In 2004, visitors from overseas countries stayed in the province for 11.8 nights on average and spent \$1,126 per visit. This was higher than in any other region in Canada. While more overseas visitors travelled to Ontario (1.8 million) than BC (1.5 million), the average person-visit expenditure was 24% higher in BC.

Overall, overseas visitors to BC spent more than domestic and US visitors combined (\$835) on a per person-visit basis. Given that the average stay for overseas visitors is about three times longer compared to domestic and US visitors, this is not a surprising result.

While most of the wealth is generated by domestic and US visitors, overseas travellers are a growing market

In 2004, nine in ten (90%) overnight visitors to BC were of domestic or US origin and accounted for approximately three-quarters (76%) of total visitor expenditures. Although only 10% were from overseas countries, they generated the remaining 24% (\$1.7 billion) of total expenditures. Consequently, the average expenditure for overseas visitors was more than double the US average and almost four times the

domestic average. Recently, the proportion of visitor entries from the US has been declining (83% in 2002 to 79% in 2006) while overseas entries have been increasing (17% to 21%). If the downward trend in US visitation continues, which is likely given the continued appreciation of the Canadian dollar and increased security requirements, overseas visitors will become an increasingly important contributor to BC's tourism sector.