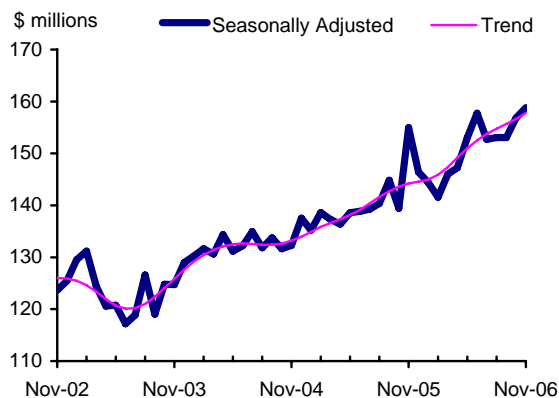


## Tourism Sector Monitor ♦ February 2007

### Room Revenue

On top of increasing 2.4% (*seasonally adjusted*) in October, room revenues in BC continued an upward trend (+1.3%) with growth in all regions of the province except for Kootenay, which posted a moderate decline (-2.2%). Northeast led the province (+16.3%), recovering most of the ground lost in October (-16.5%), when work camps that serve seasonal workers were not as busy. North Coast (+3.6%) and Cariboo (+3.3%) continued to see good revenue performance. Room revenues in Vancouver Island/Coast (+1.2%) and Thompson-Okanagan (+0.2%) advanced for the fourth consecutive month in November. Mainland/Southwest, which accounts for the largest share of total revenues, recorded modest growth (+0.7%), while revenues in Nechako stayed in step with virtually no change.

#### Room revenues continued to grow in November



Business at hotels of all sizes remained flat as the increases in revenues at mid-sized (76-150 rooms; +1.3%) and small hotels (1-75 rooms; +1.8%) offset declining receipts at very large (251+ rooms; -1.2%) and large (151-250 rooms; -1.1%) hotels. Motels posted a 1.0%

increase, and vacation rentals saw business climb (+2.3%), ending a three-month downturn in revenues. However, receipts at fishing lodges, bed and breakfasts, and other types of accommodations, taken together, slipped (-1.1%) in November.

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

Accommodation Type			
	Nov06 (\$000)	Oct 06 (\$000)	% change
Total	158,804	156,818	+1.3
Hotels	117,258	117,243	0.0
Motels	20,114	19,777	+1.7
Other Accommodations	21,303	21,131	+0.8
Regions (Top 3 performers)			
Northeast	6,833	5,874	+16.3
North Coast	1,989	1,919	+3.6
Cariboo	4,898	4,742	+3.3

### Visitor Entries

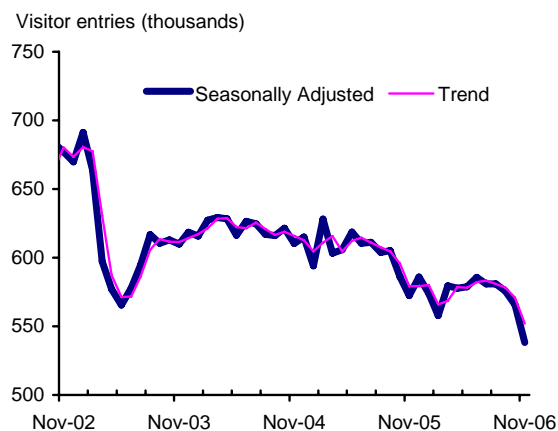
Total visitor entries to Canada via BC continued a downward trend (-4.8%, *seasonally adjusted*) in November. Entries from the US, accounting for nearly 80% of total visitor entries, slumped (-6.4%) for the fifth straight month reflecting a significant drop from same-day travel (-12.5%) and a moderate decline in the number of overnight trips (-2.9%) from the US.

The number of visitors from overseas locations increased 0.9%, as entries into BC from Europe (+1.5%) advanced. However, Asian entries were flat, and entries from Oceania dipped (-0.3%).

The number of Canadians returning home through BC slipped again in November (-2.0%). Trips to the US decreased 3.1%,

while the number of Canadians returning from overseas was up from the previous month (+4.6%).

### Visitor entries continued to fall in November



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

	Nov-06	Oct-06	% chg from Oct-06
	('000)	('000)	
<b>American visitors</b>			
Total	416	444	-6.4
Same-day	143	164	-12.5
Overnight	272	280	-2.9
<b>Overseas visitors</b>			
Total	123	121	0.9
Europe	41	40	1.5
UK	20	18	9.1
Asia	60	60	0.0
Japan	18	18	-2.5
Taiwan	6	6	-1.8
Oceania	13	13	-0.3

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 November, BC's hotel occupancy rate slid 0.2 percentage points to 67.3%. Room rates in the province were virtually flat at an average price of \$125.40.

Passenger traffic at Vancouver airport was busier in November (+1.4%), with an in-

crease recorded in domestic (+1.9%), trans-border (+0.2%), and overseas (+1.8%) travel. However, Victoria airport saw passenger volume slump (-1.6%). After several consecutive months of increases, BC Ferries experienced a sharp drop in vehicle (-7.9%) and passenger (-5.8%) traffic. In addition, 15.5% fewer passenger vehicles travelled on the Coquihalla highway in November.

Revenues at BC's taverns and restaurants continued to drop (-0.6%) in November. Receipts at both food service establishments (-0.2%) and drinking places (-6.0%) declined.

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

	Nov-06	Change from Oct-06
<b>Hotel Industry</b>		
Occupancy rate (%)	67.3	-0.2 pp.
Average room charge (\$)	125.40	0.0%
<i>(Pannell Kerr Forster)</i>		
<b>Airport Passengers (000s) (%)</b>		
<b>Vancouver International Airport</b>		
Total traffic	1,439	1.4
US (trans-border)	371	0.2
Other International	337	1.8
Canada (domestic)	732	1.9
<i>(YVR)</i>		
<b>Victoria International Airport</b>		
Total traffic	116,176	-1.6
<i>(Victoria Airport Authority)</i>		
<b>Transportation (000s) (%)</b>		
<b>Coquihalla Highway</b>		
Passenger Vehicles	202	-15.5
<i>(Ministry of Transportation &amp; Highways)</i>		
<b>BC Ferries</b>		
Vehicle Volume	668	-7.9
Passenger Volume	1,727	-5.8
<i>(BC Ferries)</i>		
<b>Exchange Rates Cdn \$</b>		
US \$	0.880	-0.01
UK Pound	0.460	-0.01
Japanese Yen	103.178	-1.92
Australian \$	1.138	-0.01
<i>(Statistics Canada)</i>		

Note: pp. percentage points

## A look ahead – December 2006

Early returns indicate that room revenues in BC fell (-3.3%) in December. Mainland/Southwest, accounting for the biggest share of total room receipts, saw revenues slump (-5.8%). Northeast recorded a significant decline (-14.7%), and revenues in Nechako (-3.1%) and North Coast (-1.5%) slipped. However, Kootenay (+5.8%), Cariboo (+2.2%), Vancouver Island/Coast (+0.6%) and Thompson-Okanagan (+0.1%) posted small gains in room receipts.

Hotels of all sizes experienced downturns in room revenues. Large hotels with 151-250 rooms (-4.5%) and small hotels (1-75 rooms; -3.5%) recorded the biggest declines. Revenues at very large hotels (251+ rooms; -2.1%) and medium-sized (76-150 rooms; -1.0%) hotels also slumped. Vacation rentals saw revenues drop 2.6%. However, room receipts at motels (2.5%) and fishing lodges, bed and breakfasts, and other types of

accommodations (+2.5%), increased in November.

International visitor entries to Canada through BC climbed (+2.4%) in December. There were more guests from the US (+2.7%) as the growth in same-day travels (+8.8%) offset the small decline in overnight trips (-0.5%). The number of visitors from overseas (+1.6%) climbed with more visitors from both Asia (+2.9%) and Oceania (+4.6%) coming to BC, offsetting a slump in entries from Europe (-1.2%).

Passenger traffic at Vancouver continued to advance (+0.4%), while volume through Victoria airport was down (-2.8%) again in December. Traffic at BC Ferries picked up with an increase in both vehicle (+4.9%) and passenger (+2.6%) volume. However, fewer passenger vehicles travelled on the Coquihalla highway (-6.0%).

### 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: The Kootenay Region

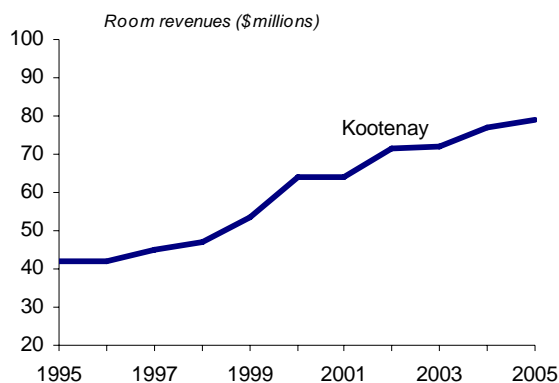
### Introduction

Nestled in the south-east of the province, the Kootenay region is most famous for its natural attractions. There are no large population centres in the region, but a number of smaller communities depend on tourism including Cranbrook, Nelson and Trail.

The region is known for having a number of world-class resorts at locations such as Kimberly, Fernie, and Panorama. With an average snowfall of more than 170 centimetres during the winter, guests in the Kootenays can enjoy skiing, snow-boarding as well as snowmobiling and dog-sledding. During the warm summer months visitors can take part in activities such as cycling, hiking, mountaineering, and rafting.

### Room revenues

*Room revenues in the Kootenay region have been rising steadily*

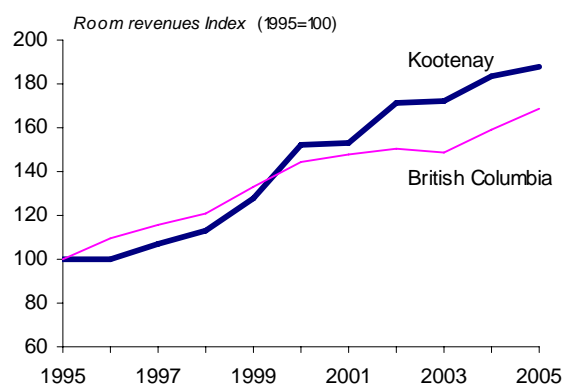


Source: BCSTATS

The Kootenay region ranks fourth among development regions in BC in terms of room revenues. In 2005, the region contributed \$79 million in room revenues, 5% of the provincial total. Preliminary figures suggest that between January and Novem-

ber of 2006, the Kootenay region has created another \$77 million.

*Kootenay room revenues have outpaced the BC average since 2000*

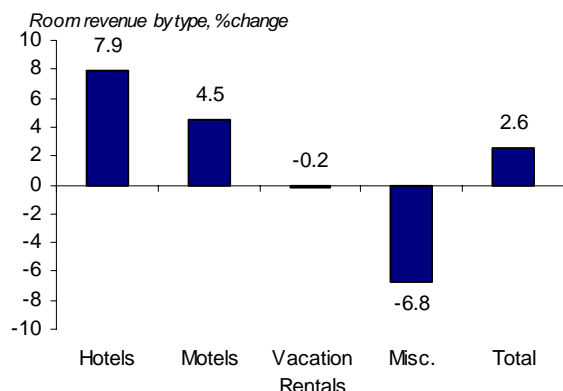


Source: BCSTATS

During the eleven year period from 1995 to 2005, room revenues in the Kootenays have grown a considerable 88.2%. In comparison, the province as a whole saw receipts improve 69.1% over this eleven year span.

In 2005, hotels, the largest contributor of room revenues in the Kootenay region, brought in over \$30 million, up sharply over the previous year (+7.9%). Motels, whose relative share of room revenues has slipped over the course of the past decade, experienced growth of 4.5%, while business at vacation rentals was down marginally (-0.2%). Miscellaneous accommodations, including fishing lodges, B&Bs, guide outfitters and campgrounds, saw receipts drop off considerably (-6.8%).

**Hotels in Kootenay experience strong growth in revenues while miscellaneous accommodations plummet in 2005**



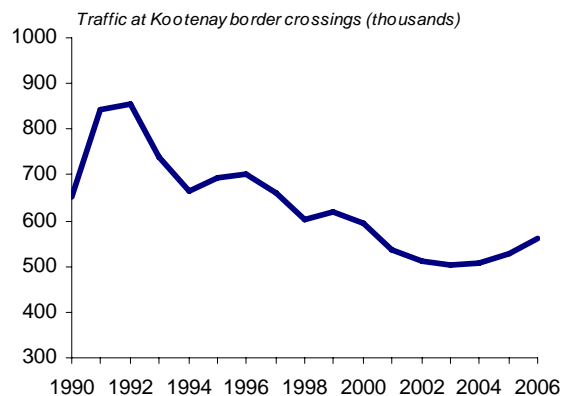
Source: BCSTATS

## Transportation

The Kootenays are well serviced to accommodate guests wishing to travel through the region by land. Highway 1 (Trans-Canada) and Highway 3 (Crowsnest Pass) feed into the region from the surrounding area and Alberta servicing the northern and southern portions of the region respectively. Highways 6 and 23 provide access to much of the western Kootenays while the eastern Kootenays are served by Highways 93 and 95.

The Kootenay region borders three US states: Washington, Idaho, and Montana. Travellers wishing to enter the region via those states can do so at any one of more than a half-dozen border crossing locations. Between 1992 and 2003, land traffic between the US and Canada had been dwindling, down 41.2%. Since 2004, there has been an increase in the amount of activity (+10.4%) at Kootenay border crossings.

**Trans-border traffic down since early 1990s**



Source: BCSTATS

Two commercial airports, located at Castlegar and Cranbrook, regularly handle traffic from Vancouver and Calgary. In 2005, a total of 76,825 travellers used the Cranbrook airport, making it the tenth busiest in the province. However, traffic was down 1.1% in 2005. Smaller airports accepting chartered flights can be found in many of the surrounding communities.

## Cranbrook

Adding \$8.5 million in room revenues, or 11% of the total room revenues generated within the Kootenay region, Cranbrook is the region's commercial centre. Cranbrook is home to the Western Hockey League club the *Kootenay Ice*, entertaining local sports fans each season. For those interested in historical attractions, the *Canadian Museum of Rail Travel* preserves the golden age of rail of the late 1800s. Major local events include Sam Steele Days in June and the Cranbrook Pro Rodeo in August.

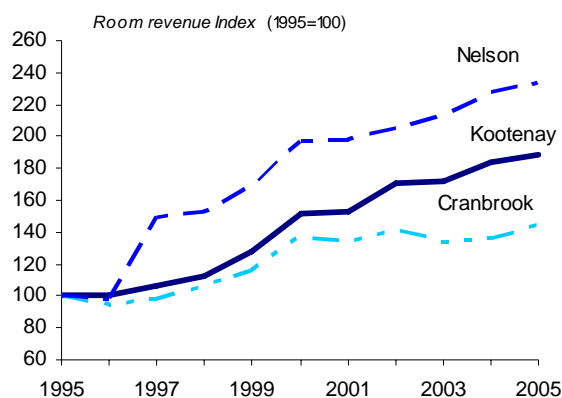
Through 2005, room revenues in Cranbrook showed strong growth (+5.9%). All accommodation types had a successful year. Motels recorded the highest growth in revenues (+6.6%), while hotels (+5.2%) and other types of accommodations (+4.3%) fared similarly well.

## Nelson

With more than 350 designated heritage buildings, and one of the most vibrant arts communities in Canada, Nelson has always attracted visitors. The area's mild climate and diverse terrain are well suited for outdoor activities ranging from skiing and snowmobiling in the winter, to golfing and mountain biking in the summer.

In recent years, the city of Nelson has been booming and drawing lots of new residents. With many more conventions and conferences being held in the city, Nelson has been noticed by new visitors as well. The community is looking to attract tourism, and has been working to develop and advertise the city as a popular tourist destination. For its centennial in 1997, a waterfront pathway was developed. It was designed to help preserve the spectacular setting that draws both visitors and new residents to Nelson.

### *Room revenues on rise in the Kootenay region with Nelson growing rapidly*



Source: BCSTATS

Room receipts reflect these developments in Nelson. Revenues in Nelson have increased much more rapidly than in other parts of the Kootenay region since 1995. At the close of 2005, Nelson had contributed more than \$6.6 million in room revenues, an increase of 2.6% over 2004. Hotels in Nelson saw a

surge in business (+7.0%), while revenues at motels were also on the increase (+3.5%). Sales at other types of accommodations, on the other hand, were down sharply (-43.2%) in 2005 following a seven year period of very strong growth.

## Trail

Along the banks of the Columbia River, Trail is probably most renowned for being the home of Teck Cominco, one of the largest zinc and lead smelting and refining operations in the world. Teck Cominco offers free guided tours of its facilities and *The Interpretive Centre* for those wishing to experience a part of the region's industrial heritage.

Guests can also visit the terraced homes and gardens along the streets of "little Italy", a legacy left by its Italian community that arrived in the early part of the 20<sup>th</sup> century to help with the construction of the railway.

## Conclusion

The easily accessible locations, convenient transportation services, numerous national attractions and a number of high-end resorts, have put room revenues in the Kootenay region on an upward trend since 1995. A few communities have experienced a recent surge of interest. Golden, for example has grown considerably, posting overall room revenues gains of 42.7% from 2000 to 2005. The town of Fernie has seen a 63.4% growth in overall room revenues between 2000 and 2005, now accounting for 16% of revenues generated in the Kootenays. With communities such as these within the region booming, Kootenay can expect to see many more visitors in the future.