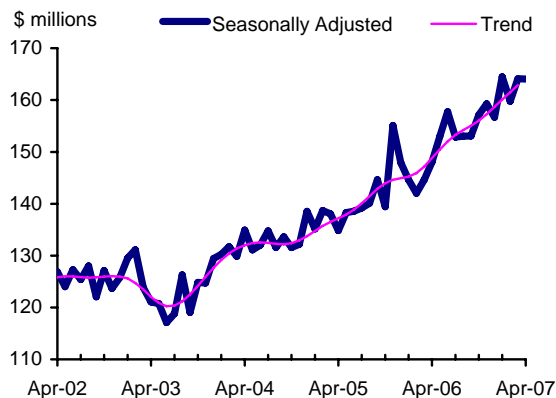


Tourism Sector Monitor ♦ July 2007

Room Revenue

April was a mixed bag of ups and downs for room revenues, leaving the overall picture looking flat after a good performance in March (+2.7%). Mainland/Southwest (+0.5%) and Vancouver Island/Coast (+0.4%), which together account for more than seventy percent of BC's total room revenues, saw revenue trend up in April. Room receipts rose again in Northeast (+2.3%) following a significant increase of 20.2% in March. However, these increases were offset by weakness in the rest of BC. Cariboo saw revenues drop 5.7%, while Nechako (-2.0%), Thompson-Okanagan (-0.8%) and North Coast (-0.8%) were also off. Revenues in Kootenay (-2.6%) declined for the second straight month in April.

Room revenues were flat in April



Hotels posted a 0.8% gain in revenues. Very large hotels (250+ rooms; +1.4%), mid-sized hotels (76-150 rooms; +0.3%) and small hotels (1-75 rooms; +2.1%) saw revenue climb. However, revenues dropped 0.7% at large

hotels with 151-250 rooms. Revenues at motels (-0.3%) slipped for a third consecutive month in April. Business at vacation rentals was up (+1.2%). Other types of accommodations, including fishing lodges, bed and breakfasts, and campgrounds, experienced a decline (-3.6%) in room receipts.

Table 1. Room Revenue
(seasonally adjusted)

	Apr 07 (\$000)	Mar 07 (\$000)	% change
Total	164,058	164,112	0.0
Hotels	120,619	119,662	+0.8
Motels	20,819	20,889	-0.3
Other Accommodations	22,503	22,730	-1.0
Regions (Top 3 performers)			
Northeast	5,371	5,252	+2.3
Mainland/Southwest	89,029	88,594	+0.5
Vancouver Island/Coast	29,348	29,236	+0.4

Visitor Entries

Visitor entries to Canada via BC borders fell (-1.2%, *seasonally adjusted*) for the third month in a row in April. Entries from the US, which comprise most of the visits, decreased (-1.0%) as Americans made fewer same-day trips (-2.7%). The number of overnight trips was unchanged in April.

Travel to BC from overseas countries was also off (-2.2%) in April, brought down by declines in the number of Asian (-3.1%) and European (-2.2%) entries. There were significant decreases in the number of visits from Japan (-8.8%) and Hong Kong

(-13.6%), which are the major sources of Asian entries. Visits from Europe (-2.2%) also waned, but entries from Oceania (+4.0%) continued to rise.

The number of Canadians returning home via BC also edged down (-0.6%). Same-day car trips returning from the US dropped 2.6% and the number of travellers returning home from trips overseas dipped (-1.0%) in April.

Visitor entries continued to drop in April

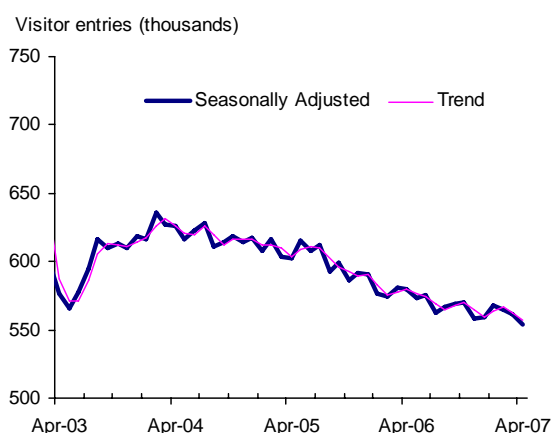


Table 2. Traveller Entries
(seasonally adjusted)

	Apr-07 (‘000)	Mar-07 (‘000)	% chg from Mar-07
American visitors			
Total	431	436	-1.0
Same-day	150	155	-2.7
Overnight	281	281	0.0
Overseas visitors			
Total	123	125	-2.2
Europe	41	42	-2.2
UK	18	21	-14.5
Asia	57	59	-3.1
Japan	16	17	-8.8
Taiwan	6	6	-2.7
Oceania	14	14	4.0

(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 April, BC’s hotel occupancy rate increased 1.6 percentage points to 51.2%, after slumping significantly in February (-10.2 percentage points) and March (-4.7 percentage points). In addition, room rates in the province increased 2.7% to an average price of \$124.60.

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Apr-07	Change from Mar-07
Hotel Industry		
Occupancy rate (%)	51.2	1.6 pp.
Average room charge (\$) <i>(Pannell Kerr Forster)</i>	124.60	2.7
Airport Passengers (‘000s) (%)		
Vancouver International Airport		
Total traffic	1,461	0.8
US (trans-border)	364	-0.6
Other International	333	-3.2
Canada (domestic) <i>(YVR)</i>	764	3.3
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	123	1.0
Transportation (‘000s) (%)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	227	-2.1
BC Ferries		
Vehicle Volume	705	-1.3
Passenger Volume <i>(BC Ferries)</i>	1,800	-0.6
Exchange Rates Cdn \$		
US \$	0.882	0.03
UK Pound	0.443	0.00
Japanese Yen	104.844	4.47
Australian \$ <i>(Statistics Canada)</i>	1.065	-0.01

Note: pp. percentage points

Note to readers: all data in the *Tourism Sector Monitor* are reported on a **seasonally adjusted** basis.

Vancouver (+0.8%) and Victoria (+1.0%) airports were both busier in April. However, traffic volume at BC Ferries decreased with fewer vehicles (-1.3%) and passengers (-0.6%) aboard. In addition, a 2.1% drop in the number of vehicles on the Coquihalla was recorded in April.

Restaurant, caterer and tavern receipts in the province slumped 0.7% (*seasonally adjusted*) in April. A substantial 8.5% drop in receipts of drinking places was mainly responsible for the decline. Receipts also inched down (-0.1%) at food service establishments.

A look ahead – May 2007

Early returns show that provincial room revenues continued to fall (-0.6%) in May as Mainland/Southwest (-1.9%) and Vancouver Island/Coast (-0.7%), which together account for more than seventy percent of BC's total revenues, saw revenues slump. Room receipts in Thompson-Okanagan (-0.3%) and North Coast (-2.4%) also slipped. However, revenues increased significantly in Nechako (+9.2%), Cariboo (+7.5%), Northeast (+4.9%), and Kootenay (+4.0%).

Overall, revenues at hotels were off 0.4% in May as very large hotels (251+ rooms) recorded a significant 5.0% decline. Motel revenues continued to trend down in May. Revenues at vacation rentals (-1.6%) and fishing lodges, bed and breakfasts, and other types of accommodations (-1.0%) also dipped.

Visitor entries to the province increased 1.9% (*seasonally adjusted*) in May, ending a three-month-long downturn in travel from other countries. Despite the rising Canadian loonie, travel to BC from the US picked up (+1.7%) for the first time since January, while entries from overseas bounced back (+2.9%) after dropping in April. The number of Canadian travellers coming home via BC was up 1.1% in May.

Passenger volume at Vancouver airport decreased 1.3%, but volume through Victoria airport continued to increase (+1.3%) in May. BC Ferries saw increases in both vehicle (+1.2%) and passenger (+0.6%) 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.

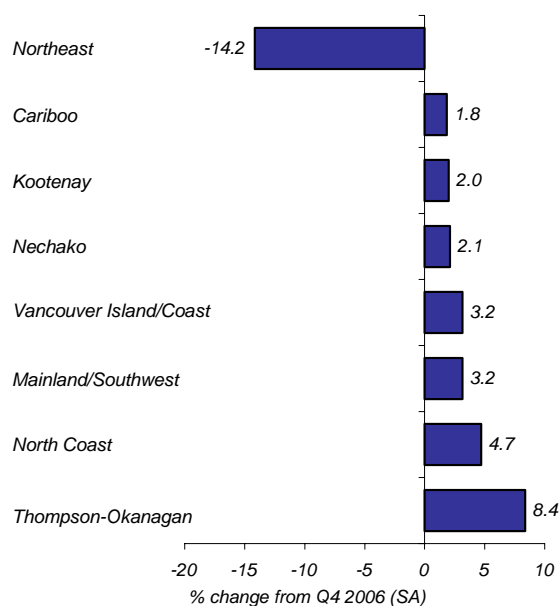
How accurate is the preliminary data? Over 17 reports in 2004 and 2005, BC room revenues changed (rose or fell on a month-over-month basis) on average by 1.7% (absolute value). The preliminary numbers—reported in the "look ahead" section—were less by an average of 0.2 percentage points partly because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

Room Revenues

Room revenues continued to climb (+3.2%) in the first quarter of 2007. Revenues increased in all regions except Northeast (-14.2%), where there was a significant decline in the demand for temporary accommodation for workers. Thompson-Okanagan (+8.4%) outperformed the rest of BC in revenue growth. North Coast (+4.7%) saw revenues trend up for the fifth straight quarter. Revenues in Mainland/Southwest (+3.2%) and Vancouver Island/Coast (+3.2%) advanced again, contributing a great deal to the overall revenue growth in the province. In addition, Nechako (+2.1%), Kootenay (+2.0%), and Cariboo (+1.8%) all posted steady, but somewhat slower in room receipts.

Revenues grew in all regions except Northeast

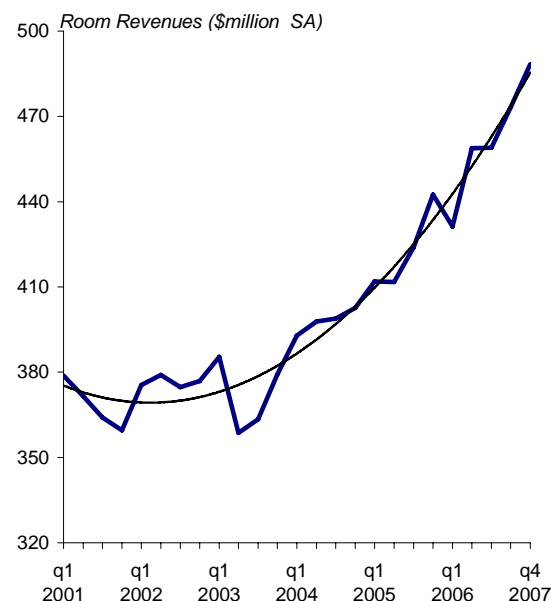


Source: BC Stats

Room revenues in the first quarter of 2007 reached a new high of over \$480 million,

continuing on the strong and rapid upward trend.

Room revenues continued an upward trend in the first quarter of 2007

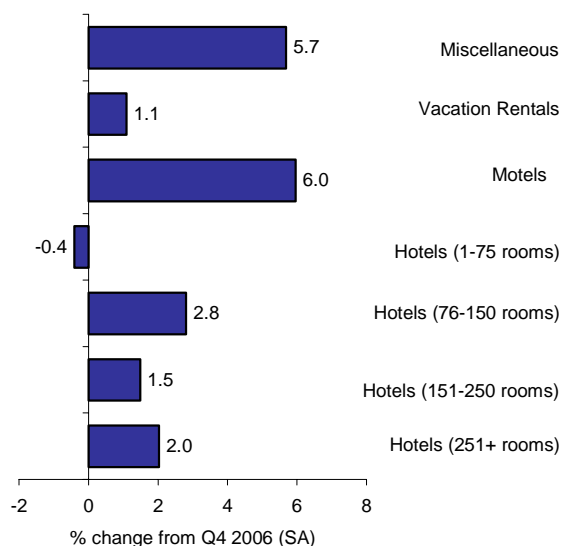


Source: BC Stats

Hotel receipts increased 1.8% in the first quarter. Mid-sized hotels (76-150 rooms; +2.8%) saw the strongest growth among all hotels. Very large hotels (250+ rooms; +2.0%) outperformed large hotels (151-250 rooms; +1.5%). However, revenues at small hotels with less than 75 rooms were off 0.4%.

Business remained robust at motels, posting another prominent increase of 6.0% after rapid growth at the end of 2006, and surpassing any other type of accommodations in BC. Other types of accommodations, including bed & breakfasts, fishing lodges and other kinds of short-term accommodations, posted an overall 5.7% increase. In addition, vacation rentals also experienced a 1.1% revenue gain.

Most types of accommodation establishments experienced growth in room revenues



Source: BC Stats

Visitor entries inched up

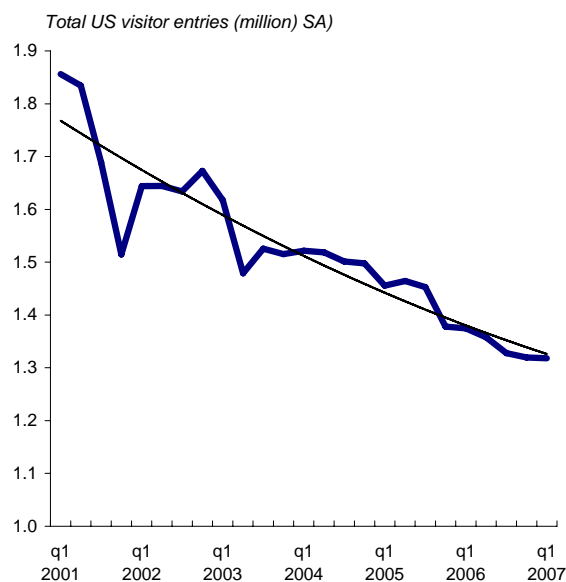
Visitor entries to Canada through BC border crossings edged up (+0.3%, *seasonally adjusted*), increasing for the first time since early 2004. Accounting for about 80% of the total visitor entries, US entries inched down (-0.1%). There was a 0.8% drop in the number of overnight visits, which offset a modest increase in same-day visits by Americans (+1.2%).

More overseas guests (+1.7%) arrived in BC with robust increases in entries from Europe (+4.5%) and Oceania (+3.2%). However, Asian entries, the major source of overseas visits, dipped (-1.7%) in the first quarter. Among the overseas markets, Germany (+15.4%), the UK (+11.6%) and Australia (+4.6%) recorded the biggest increases.

The number of Canadians re-entering the country via BC continued to slump (-1.8%) in the first quarter. Canadians made fewer

trips to the US (-2.1%), but slightly more visits to overseas countries (+0.1%).

US entries continued a downward trend



Source: BC Stats

Other Indicators

Hotel occupancy rates averaged 56.1% (*seasonally adjusted*) in the first quarter, declining 14.5 percentage points. The average room rates in BC, at \$120.60, also decreased (-2.5%) from the last quarter of 2006.

Both the Vancouver (+0.5%) and Victoria (+3.3) airports were busier, experiencing higher passenger volumes. Traffic along the Coquihalla Highway was up 6.9%, while BC Ferries welcomed more vehicles (+2.0%) and passengers (+2.0%) aboard.

Employment in the major tourism-related industries was virtually unchanged. The number of people working in the accommodation industry showed the biggest drop (-1.3%). Employment in air transportation also slumped (-0.2%). However, industries such as arts, entertainment & recreation (+1.1%) and food & beverage (+0.1%) recorded increases in their employment levels.

BC's restaurant, caterer, and tavern receipts rose 2.3%, as an increase in revenues at food service establishments (+2.6%) offset a decline in sales at drinking places (-2.2%).