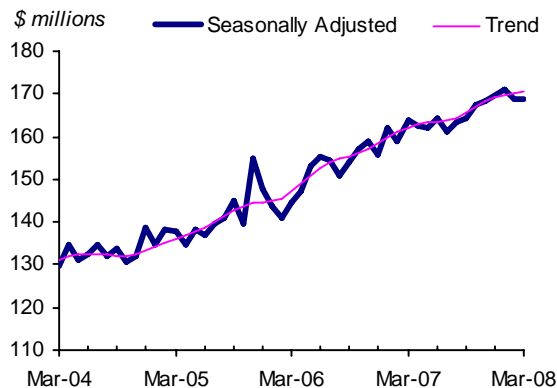


Tourism Sector Monitor ♦ June 2008

Room Revenue

Room revenues in BC continued to lose ground in March (-0.2%). Kootenay (-7.3%) experienced the largest decline, wiping out all of the gains made in the previous month. Accommodations in Cariboo and North Coast (each at -3.1%) also had a less lucrative month, while revenues inched down in Mainland/Southwest (-0.3%) and Thompson/Okanagan (-0.2%). Northern regions led the province in growth, with Northeast (+5.8%) and Nechako (+4.3%) posting substantial increases. In addition, Vancouver Island/Coast (+1.8%) saw revenues rebound following a poor performance in February.

Room revenues dip 0.2% in March



The province's hotels recovered from a downturn in the previous month, as revenues were up 1.6%. Growth was driven mainly by small (1-75 rooms; +3.8%) and very large (251+ rooms; +2.6%) hotels, while returns at mid-sized hotels (76-150 rooms; +0.7%) also advanced. However, large hotels (151-250 rooms; -1.5%) recorded lower revenues for

the second straight month. Returns at motels were unchanged while other accommodations, including vacation rentals and fishing lodges, posted a 0.2% decline.

Table 1. Room Revenue
(seasonally adjusted)

Accommodation Type			
	Mar 08 (\$000)	Feb 08 (\$000)	% change
Total	168,563	168,891	-0.2
Hotels	127,142	125,194	+1.6
Motels	19,876	19,875	0.0
Other Accommodations	22,818	22,860	-0.2
Regions (Top 3 performers)			
Northeast	5,394	5,100	+5.8
Nechako	978	938	+4.3
Vancouver Island/Coast	28,914	28,414	+1.8

Visitor Entries

Traveller entries through Canada via BC (-2.5%) remained on a downward track in March. US entries were off 1.6% as Americans made fewer same-day and overnight trips (each at -1.6%).

The number of visitors from overseas countries also fell (-5.4%), mainly due to a 6.1% drop in Asian entries. Travel from Oceania, which includes Australia, New Zealand and other South Pacific nations, plummeted (-11.2%). However, the number of European entries rose 2.0%.

Approximately 922,400 Canadians returned home through BC in March, a 6.0% increase compared to the previous month. Total (+6.9%) and same-day (+4.3%) trips to the US

were up and overseas travel by Canadians also increased (+0.3%).

Visitor entries down again in March

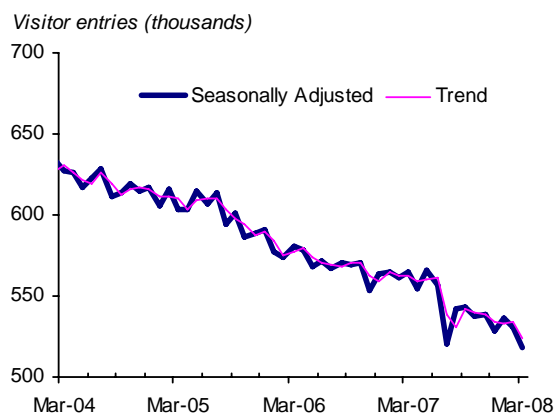


Table 2. Traveller Entries
(seasonally adjusted)

	Mar-08 (‘000)	Feb-08 (‘000)	% chg from Feb-08
American visitors			
Total	396	403	-1.6
Same-day	132	134	-1.6
Overnight	265	269	-1.6
Overseas visitors			
Total	121	128	-5.4
Europe	43	42	2.0
UK	21	20	4.4
Asia	54	58	-6.1
Japan	14	14	-3.2
Taiwan	4	4	-18.9
Oceania	14	16	-11.2

(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

The provincial hotel occupancy rate remained unchanged in March at 66.2%. However, the daily room rate inched up (+0.8%) for the fourth consecutive month, averaging \$134.90.

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Mar-08	Feb-08	Change from
Hotel Industry			
Occupancy rate (%)	66.2		0.0 pp.
Average room charge (\$)	134.90		0.8
<i>(Pannell Kerr Forster)</i>			
Airport Passengers (000s) (%)			
Vancouver International Airport			
Total traffic	1,559		-0.5
US (trans-border)	383		-3.2
Other International	376		0.2
Canada (domestic)	801		0.4
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	124		-2.7
<i>(Victoria Airport Authority)</i>			
Food Services Receipts (\$ millions) (%)			
All establishments	637		-3.5
<i>(Statistics Canada)</i>			
Transportation (000s) (%)			
Coquihalla Highway			
Passenger Vehicles	219		37.4
<i>(Ministry of Transportation & Infrastructure)</i>			
BC Ferries			
Vehicle Volume	705		0.4
Passenger Volume	1,791		0.2
<i>(BC Ferries)</i>			
Exchange Rates Cdn \$			
US \$	0.998		0.00
UK Pound	0.498		-0.01
Japanese Yen	100.583		-6.61
Australian \$	1.081		-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 traffic through the Victoria (-2.7%) and Vancouver (-0.5%) airports was down, while BC Ferries saw an increase in vehicle (+0.4%) and passenger (+0.2%) volume. The number of passenger vehicles travelling along the Coquihalla Highway climbed 37.4%, as the route returned to normal operation after an eight-day closure in February.

Receipts in the province's food services and drinking places industry slumped (-3.5%, *seasonally adjusted*), ending a two-month-long upturn. A drop in revenues at food service establishments offset higher sales at drinking places.

A look ahead—April 2008

Early returns indicate that room revenues fell (-0.5%) for the third straight month in April. Lower receipts in Vancouver Island/Coast (-2.6%) and Mainland/Southwest (-1.3%), which together account for about 70% of the provincial total, were enough to counteract increases in five regions. Specifically, Northeast (+4.6%) and Thompson/Okanagan (+2.9%) saw the highest growth, while North Coast (+1.3%), Nechako (+1.0%) and Cariboo (+0.7%) showed more moderate increases. In Kootenay, revenues inched down 0.4%.

Hotel operators saw revenues slip (-0.9%) in April. Although large (151-250 rooms; +3.1%) and mid-sized (76-150 rooms; +1.1%) hotels posted gains, a significant downturn at very large hotels (251+ rooms; -4.3%) pulled down total returns in the industry. Motels (-2.8%) and vacation rentals (-2.3%) experienced a drop in business, while other accommodations (-8.0%) also recorded lower revenues.

Visitor entries to Canada through BC were flat (0.0%) in April following two months of declines. Same-day visits from the US (+3.9%) advanced, while overnight trips (-2.8%) fell for the third straight month. Overall, total US entries dipped 0.6%. However, there were more travellers from overseas countries (+1.8%), reflecting a double-digit increase (+16.6%) in the number of visitors from Oceania. Asian entries (-3.5%) were down but visitation from Europe (+0.5%) inched up.

In April, the Victoria airport experienced a 3.5% jump in passenger volume while the number of travellers through the Vancouver airport declined (-0.5%). Both passenger (-0.9%) and vehicle (-0.6%) volume aboard BC Ferries decreased. In addition, the number of passenger vehicles passing through the toll booths on the Coquihalla Highway fell (-1.8%).

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.

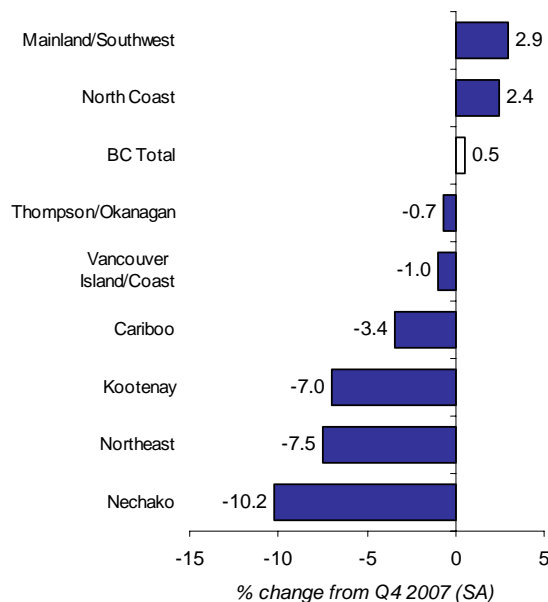
How accurate is the preliminary data? Over 21 reports in 2006 and 2007, BC room revenues changed (rose or fell on a month-over-month basis) on average by 2.4% (absolute value). The preliminary numbers—reported in the “look ahead” section—were less by an average of 0.2 percentage points partly because 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: First Quarter Review of BC's Tourism Sector

Room Revenue

Room revenue growth slowed (+0.5%) in the first quarter of 2008 on the heels of a 3.5% increase in the previous quarter. Although Mainland/Southwest showed the largest gain (+2.9%), this was about half the rate recorded in the fourth quarter of 2007 (+5.2%). Accommodations in North Coast also began the year on a high note, as revenues climbed 2.4%. However, other regions of the province did not fare as well. Nechako (-10.2%) experienced a double-digit drop, ending six consecutive quarters of increases, while Northeast (-7.5%) and Kootenay (-7.0%) posted substantial declines. Cariboo (-3.4%) recorded the largest quarterly decrease in five years, and returns also fell in Vancouver Island/Coast (-1.0%) and Thompson/Okanagan (-0.7%).

Mainland/Southwest and North Coast were the only regions to post gains

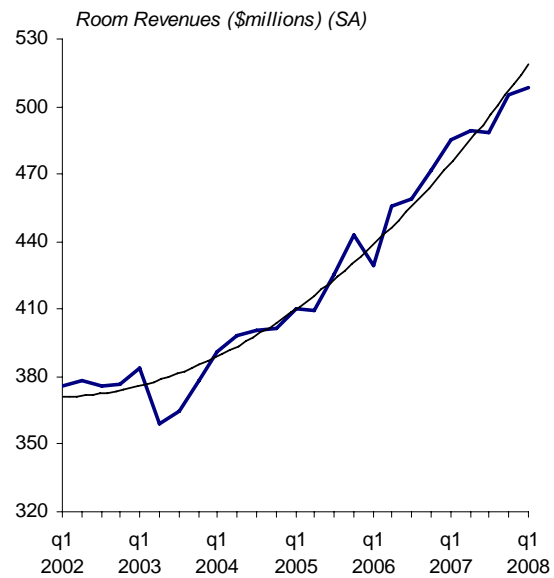


Data Source: BC Stats

Room revenues totalled approximately \$508 million during the January to March 2008 period. Since 2002, quarterly room revenues

have only declined five times, reflecting the continued strength of BC's accommodation sector.

Room revenues advanced for the second straight quarter

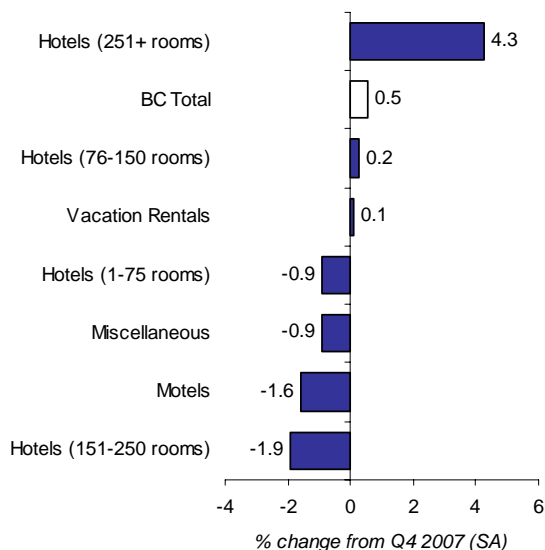


Data Source: BC Stats

Hotel receipts (+1.2%) continued to trend up in the first quarter. Very large hotels (251+ rooms; +4.3%) led the industry in growth and outperformed all other types of accommodation. Mid-sized hotels (76-150 rooms; +0.2%) also posted higher returns, while large (151-250 rooms; -1.9%) and small (1-75 rooms; -0.9%) hotels saw a drop in business.

After posting strong growth (+4.2%) in the fourth quarter of 2007, room revenues at motels were down 1.6%. Receipts at vacation rentals inched up 0.1%, while bed & breakfasts, fishing lodges and other short-term accommodation experienced a 0.9% drop.

Very large hotels led all accommodations in room revenue growth



Data Source: BC Stats

Visitor Entries

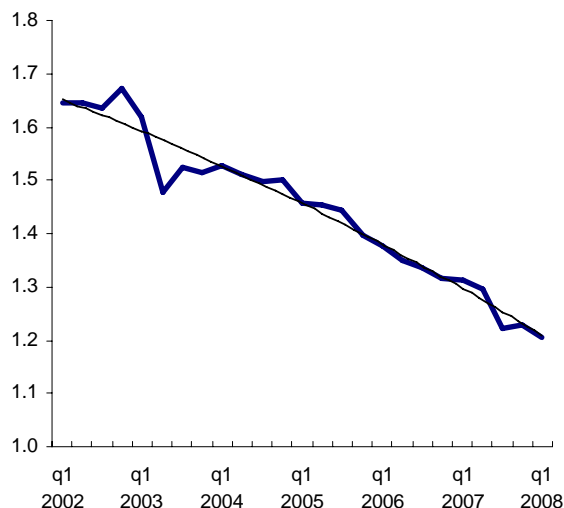
Visitor entries to Canada through BC border crossings remained on a downward track (-1.2%, *seasonally adjusted*) in the first quarter. US entries slipped (-1.9%) after inching up 0.5% in the previous quarter, as there were fewer Americans on same-day (-1.7%) and overnight (-1.9%) trips.

The number of guests from overseas countries rebounded (+0.9%) due to an influx of Europeans (+2.9%) visiting the province. Asian entries (+0.1%) were relatively unchanged and visitation from Oceania fell (-4.6%).

The number of Canadians returning to the country via BC inched down (-0.1%) for the first time since the first quarter of 2007. Travel from the US also declined (-0.9%) following a 19.0% jump in the previous quarter. However, there were more visitors returning from overseas countries (+5.4%).

US entries down 1.9% in the first quarter

Total US Visitor Entries (millions) (SA)



Data Source: Statistics Canada

Other Indicators

In BC, hotel occupancy rates averaged 66.6% (*seasonally adjusted*) in the first quarter, down 0.9 percentage points. However, the daily room rate was 1.5% higher compared to the previous quarter, averaging \$133.90.

The Vancouver airport recorded a 3.7% increase in passenger volume, while traffic through the Victoria airport fell (-0.5%) for the first time since the fourth quarter of 2006. BC Ferries saw a drop in both passenger (-1.0%) and vehicle (-0.8%) volume. The number of passenger vehicles travelling along the Coquihalla Highway plummeted (-13.5%) due in part to an avalanche that closed the route for eight days in February.

Employment growth in the major tourism-related industries was mixed during the first three months of 2008. The air transportation (-1.4%) and arts, entertainment & recreation (-0.8%) industries shed jobs, while the food & beverage services (+1.6%) and accommodation (+0.1%) industries posted

employment gains for the fourth straight quarter.

BC's food services and drinking places industry recorded higher receipts (+1.1%), as an increase in revenues at food service establishments offset lower sales at bars, nightclubs and taverns.