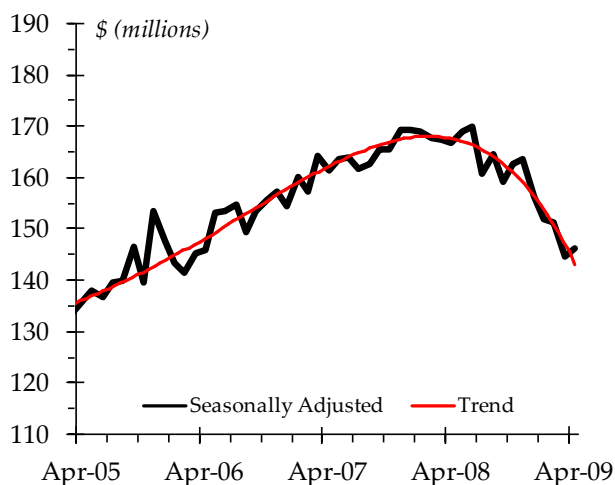


Tourism Sector Monitor ♦ July 2009

Room revenue

Room revenues in BC rose (+1.2%, seasonally adjusted) in April, bouncing back from the downward trend over the last four months. Revenues dropped in North Coast (-4.7%) and Vancouver Island/Coast (-2.1%), while Cariboo (-1.8%) continued to slip for the sixth consecutive month. Mainland/Southwest (+2.1%) showed promise—from increased activity at large hotels within this region—after persistent declines since November. Also, Thompson/Okanagan (+1.1%), Kootenay (+2.7%), Nechako (+3.7%) and Northeast (+8.1%) helped bolster BC's room revenue.

Room revenues on the up in April



Data Source: BC Stats

April showed much improvement over March. Despite a drop in room receipts at large hotels (151-250 rooms; -3.6%), hotels in BC inched up 0.9% with very large (251+ rooms; +3.9%), mid-sized (76-150 rooms; +0.2%) and small (1-75

rooms; +0.5%) hotels all seeing higher revenues. Motel revenues fell (-1.3%) for the fourth month in a row with a particularly weak performance in Vancouver Island/Coast. Vacation rentals (+7.9%) and other accommodations (+1.2%) were both up.

Table 1: Room revenue
(seasonally adjusted)

	Apr-09 (\$000)	Mar-09 (\$000)	change %
Accommodation Type			
Total	146,341	144,574	+ 1.2
Hotels	107,184	106,242	+ 0.9
Motels	16,823	17,040	- 1.3
Other Accommodations	22,251	21,298	+ 4.5
Regions (Top 3 performers)			
Northeast	5,587	5,171	+ 8.1
Nechako	875	844	+ 3.7
Kootenay	7,679	7,478	+ 2.7

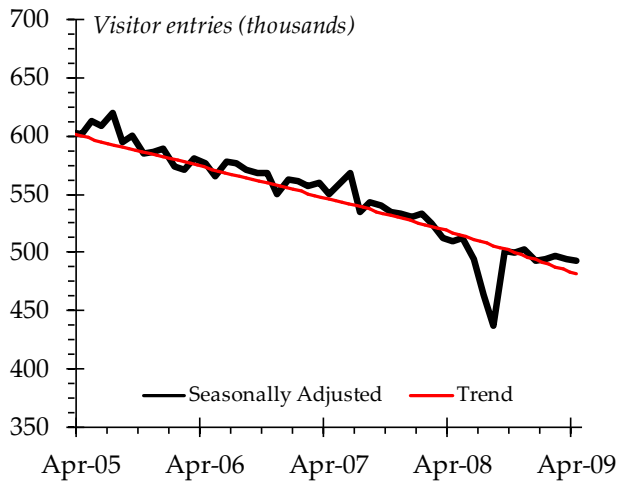
Data Source: BC Stats

Visitor entries

The total number of visitors arriving in Canada via BC slipped (-0.3%) in April as fewer Americans (-0.4%) crossed the border. Same-day trips were down (-3.7%), but the number of overnight visits from the US increased 1.2%.

Overseas entries inched up (+0.1%) in April, largely because European entries rebounded (+5.1%), posting the strongest increase in more than a year. However, entries from Asia (-2.1%) and other regions (-2.9%) were lower. The H1N1 flu concerns began in late April, and while this played a role in the visitor downturn, entries from Mexico to BC had already begun to slump earlier in the year.

Visitor entries fall at the start of the swine flu



Data Source: Statistics Canada

Table 2: Visitor entries
(seasonally adjusted)

	Apr-09 (000s)	Mar-09 (000s)	change %
American visitors			
Total	375	376	- 0.4
Same-day	119	124	- 3.7
Overnight	255	252	+ 1.2
Overseas visitors			
Total	118	118	+ 0.1
Europe	41	39	+ 5.1
Germany	7	7	- 1.1
UK	19	17	+14.9
Asia	52	53	- 2.1
Hong Kong	8	8	+ 1.0
Japan	11	12	- 8.4
Taiwan	4	4	- 5.3
Other	24	25	- 2.9

Data Source: BC Stats & Statistics Canada

Other indicators

British Columbia's hotel occupancy rate remained relatively stable (+0.3 percentage points to 58.9%) in April. The average room rate rose (+0.7%), reaching \$131.10.

Air passenger traffic at Vancouver International Airport grew (+1.1%) as the number of domestic (+1.5%) and US (+2.3%) travellers increased. Other international travel, however, slipped

(-1.0%). Passenger volume at Victoria International Airport was also higher (+1.8%).

BC Ferries had a positive month since both vehicle (+2.6%) and passenger (+2.2%) traffic at the terminals were up.

Sales at BC's food services and drinking industry rose 1.9% in April.

Table 3: Other tourism indicators
(seasonally adjusted)

	Apr-09	change from Mar-09
Hotel Industry		
Occupancy Rate (%)	58.9	+0.3 pp
Average Room Charge (\$)	131.10	+ 0.7
<i>Data Source: PKF</i>		
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total Traffic	1,386	+ 1.1
US (trans-border)	338	+ 2.3
Other International	319	- 1.0
Canada (domestic)	729	+ 1.5
<i>Data Source: YVR</i>		
Victoria International Airport		
Total Traffic	127	+ 1.8
<i>Data Source: Victoria Airport Authority</i>		
Food Services Receipts (\$ millions) (%)		
All Establishments	639	+ 1.9
Food Service	597	x
Drinking Places	44	x
<i>Data Source: Statistics Canada</i>		
Transportation (000s) (%)		
BC Ferries		
Vehicle Volume	677	+ 2.6
Passenger Volume	1,739	+ 2.2
<i>Data Source: BC Ferries</i>		
Exchange Rates Cdn \$1.00		
US Dollar (\$)	0.817	+0.03
UK Pound (£)	0.555	0.00
Japanese Yen (¥)	80.769	+3.38
Australian Dollar (\$)	1.142	-0.05

Data Source: Statistics Canada (pp = percentage points)

A look ahead—May 2009

Preliminary room receipts for May indicate another poor month (–3.1%) for BC’s accommodation industry. The three biggest: Vancouver Island/Coast (–0.5%), Mainland/Southwest (–4.3%) and Thompson/Okanagan (–6.0%) all saw revenues drop. Room revenues in Nechako also fell (–13.9%). Only North Coast (+0.1%), Kootenay (+0.5%) and Northeast (+7.9%) helped offset the provincial decline.

Across the board, accommodation establishments struggled in May. All hotels garnered less revenue (–3.3%) as room receipts at very large hotels (251+ rooms; –7.2%) fell sharply. Large (151-250 rooms; –1.1%), mid-sized (76-150 rooms; –0.1%) and small (1-75 rooms; –3.5%) hotels followed suit. Motel revenues slipped (–0.9%) for the fifth consecutive month. Accommodation sales at vacation rentals (–3.2%) and other accommodations (–2.7%) also fell.

The regional hotel occupancy rate dropped (1.7 percentage points) in May to 57.2%. The average room rate also fell (–1.1%) to \$129.70.

Ports of entry used by travellers to/from BC suffered as flu-restrictions diverted or, in some cases, prohibited voyages¹. Passenger volumes at Vancouver International Airport dropped (–5.0%) in May as domestic (–1.7%), US (–6.4%) and other international (–10.9%) traffic slumped. Similarly, Victoria International Airport had lower (–2.2%) passenger volumes. The number of vehicles (–0.4%) and passengers (–1.0%) at BC Ferries were also down in May.

Sales at BC’s food services and drinking industry earned lower (–0.2%) revenues in May.

Note 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 report “preliminary data” with a two-month lag.

How accurate is the preliminary data? Over 24 reports in 2006–2008, seasonally adjusted preliminary numbers—reported in the “look ahead” section—were lower than subsequently reported estimates by an average of 0.2 percentage points, thereby either underestimating growths or overestimating declines. This is partly because the initial data retrieved at the time the estimates are calculated are not always complete. 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.

¹ See the April 2009 release of *Tourism Sector Monitor*: <http://www.bcstats.gov.bc.ca/pubs/tour/tsm0904.pdf>

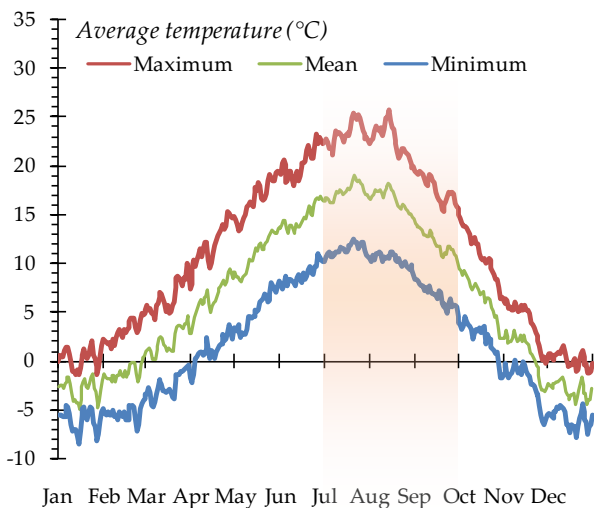
Special Focus: What does summer bring to BC?

This article highlights some of the available ventures, possibilities and trends that mark the warm season of summer in British Columbia.

Climate

Temperature in BC along the coast is mild. The mean summer temperature is around 15.5°C, with maxima that could be as high as 35°C in some places—almost high enough to cook an egg on the sidewalk².

BC has a mild 15.5°C average temperature over the summer



Data Source: Environment Canada

Typically, coastal weather patterns are more temperate and show less fluctuation, while the Interior experiences greater temperature extremes.

This warm climate brings with it many changes to BC’s tourist-related activities as they un-

dergo a transformation from what usually goes on during the winter and spring season.

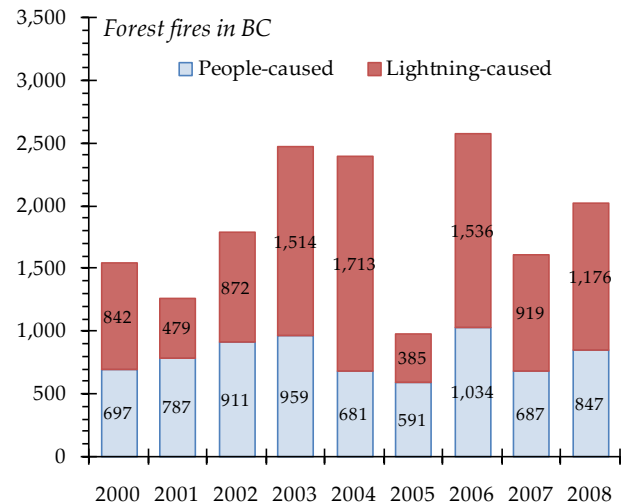
Forest fires

On the negative side, warmer weather is associated with a higher risk of forest fires. Campfire bans are typically in effect when the environment is dry. However, fires still happen, with the main causes being people and lightning.

BC is divided into six *fire centres*, with the most active (in terms of total hectares burned by 5+ hectare fires) being Prince George (35%), followed by Kamloops (20%), Cariboo (16%), Southeast (15%), Northwest (13%) and Coastal (1%).

With the current warm and dry conditions, BC has seen almost 1,500 fires that have burned a total of over 45,000 hectares so far this year.

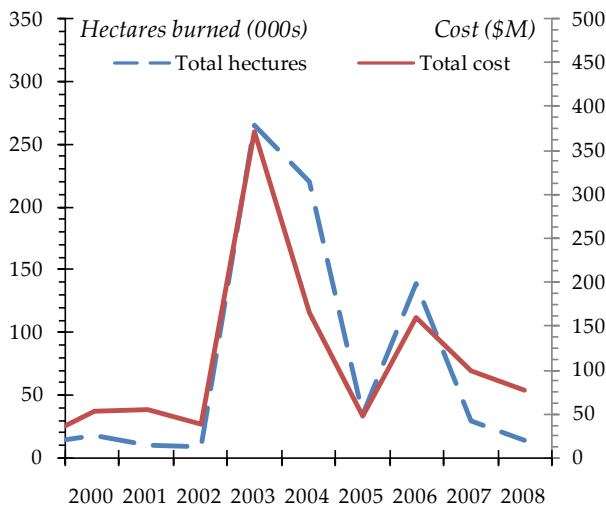
BC has about 2,000 fires per year...



Data Source: BC Forest Service

² *Ways to escape the heat and smog*, Times Colonist, Available online from: <http://www.timescolonist.com/health/Ways+escape+heat+smog/1843943/story.html>

...that take a lot of resources to fight



Data Source: BC Forest Service

One upside to these fires is found, peculiarly enough, in a tourism-related business. Even though fires close to urban areas are disruptive, the effect on the accommodation industry is sometimes paradoxical³. During times of fire, hoteliers typically help out, providing lodging for displaced residents and fire fighters.

Ski resorts attract golfers, hikers & bikers

While many people think ski resorts only operate during the cold and snowy winter months, some open up to a range of warm-weather activities. In addition to their regular maintenance and “summer grooming” programs (to allow for better winter snow retention), other activities include mountain biking and hiking trails.

Did you know?...

- Whistler has the most visited bike park⁴ in North America with approximately 75% of BC’s bike park visits;

- Fernie forms part of the “Top 10 Scenic Drives in the Northern Rockies”⁵, as well as the “Hot Springs Circle Tour”;
- Vancouver’s Grouse Mountain ski resort opens their *Grouse Grind*TM—commonly known to locals as “Mother Nature’s Stair-master”—to over 110,000 hikers every year. Alternatively, the *Skyride* has North America’s largest aerial tramway; and
- Many other ski resorts include scenic summer-lift rides for mountainous views, as well as golf getaways in their summer activities.

Farms offer fresh fruits & vegetables and tours to visitors

Dry, almost desert-like, conditions exist around Osoyoos (an extension from Mojave and Sonora deserts south of the border), and further north into the BC interior. This part of BC (sometimes referred to as the “interior plains”) is different from the coastal waterways and Rocky Mountains on the BC-Alberta border, and provides vast areas for agriculture to flourish.

The Okanagan Valley produces a variety of wines—around 95% of the province’s wine production, to be specific⁶. The remainder is produced in the lower Mainland and on Vancouver Island. Many of the more than 120 wineries offer wine tours and tastings during their summer harvesting months. This gives connoisseurs the opportunity to experience part of the wine-making process, and possibly enjoy a cheaper fee for an on-site purchase. Wine sales from 100% BC-grown grape wines total more than \$155 million annually.

³ See a special focus report on the fires in BC during 2003 in the November 2003 issue of the *Tourism Sector Monitor*. Available online from: <http://www.bcstats.gov.bc.ca/pubs/tour/tsm0311.pdf>

⁴ Whistler Mountain Bike Park, available online from: <http://www.whistlerbike.com/>

⁵ Rocky Mountain Vacations, available online from: <http://www.drivethetop10.com/>

⁶ See a special focus report on the wine country of Okanagan-Similkameen in the February 2009 issue of the *Tourism Sector Monitor*. Available online from: <http://www.bcstats.gov.bc.ca/pubs/tour/tsm0902.pdf>

Other farming communities have also started tapping into the eco-tourism resources. Known informally as *U-Pick Farms*, they allow visitors to pick-and-pay at their discretion—anything from vegetables (including tomatoes and peppers) to fruits (mainly berries), organic or not.

Hay-bale and corn mazes form part of the production activities of many vegetable-growing farms. BC has some of the largest corn mazes in the Pacific Northwest. Some use GPS to aid in mapping, and showcase a variety of extraordinarily *a-maze-ing* exhibits.

Wildlife

For those eager to find their “sea legs,” many companies all around Vancouver Island offer whale watching tours just off BC’s coast. *Orcas* (more commonly known as Killer whales), Gray and Humpback whales travel along the coast between Victoria/Vancouver and as far north as Port Hardy and even the Queen Charlotte Islands.

Spirit bears (also known as the Kermode bear), added to BC’s list of official symbols in April 2006, are not seen very often. However, this kind of black bear with its contrastingly white fur may be viewed as part of several bear watching tours.

Summer grizzly bear viewing is possible from land and sea as the bears migrate up rivers in anticipation of fall salmon runs. Depending on the location, some accommodation establishments offer remote, fly-in wildlife viewing.

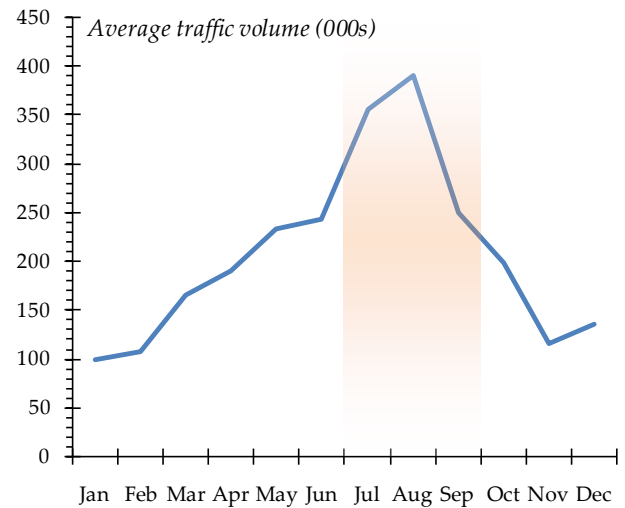
Visitors and travelling

Everybody wants to travel to a sunny holiday destination. Why else would travel agents promote their so-called “sun destination” holidays? This is particularly true in BC, as more people take to the roads.

The Coquihalla Highway—which passes through some of the most beautiful landscapes

in the province—links coastal Vancouver to the Thompson/Okanagan region. Summer travel on this highway averages more than 350,000 vehicles in both July and August every year.

The Coquihalla Highway asphalt is tested most during July & August every year



Data Source: Ministry of Transportation

Gasoline prices also follow a somewhat seasonal pattern within BC. Over the last 10 years, the regional average retail price of gasoline has typically peaked in the third quarter. Relatively speaking, if the price at the pump reads 100.0¢/ℓ in July, it will probably stay the same (or increase slightly) through to September (when it is expected to reach 101.7¢/ℓ). After the summer, it usually starts to tick down (reaching an average of 84.8¢/ℓ in January) before climbing again towards the start of summer. The biggest jump happens from February to March each year, with an average 5.3¢/ℓ increase.

Average price of gasoline in BC is highest from June to September

	Estimated price of gasoline [c/ℓ]	Month-over-month growth rate
Jan	84.8	2.04
Feb	86.6	2.17
Mar	91.9	6.09
Apr	96.0	4.47
May	99.2	3.31
Jun	100.3	1.09
Jul	100.0	- 0.26
Aug	100.8	0.78
Sep	101.7	0.96
Oct	97.1	- 4.57
Nov	92.3	- 4.96
Dec	88.7	- 3.86

Month-over-month growth rates obtained as an average over 2000-2009. Estimated price of gasoline obtained based on 100c/ℓ in July. Data Source: Statistics Canada, Gasbuddy.com

A recent poll⁷ suggests that almost one quarter of Canadians are likely to cancel summer road trips if gas prices increase by too much. However, despite the pump prices possibly pinching plans, many still enjoy the idea of putting pedal to the metal on BC’s highways.

On the wet westerly waterways...

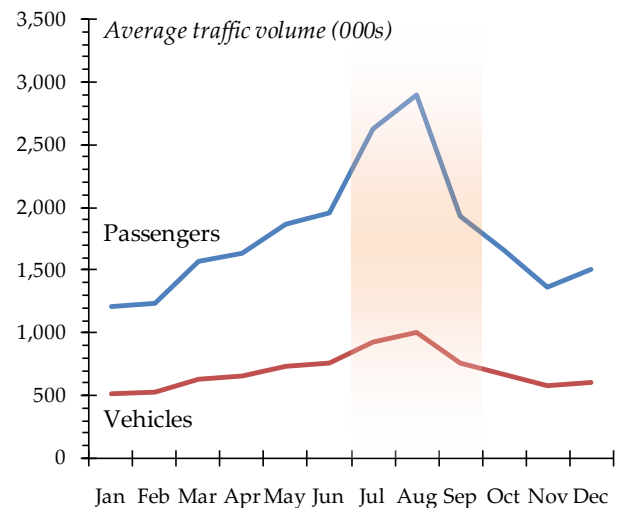
The mobility of cruise ships allows them to experience a warm climate 365 days of the year. So, during BC’s cruise season (April through September), many cruise lines make their way back and forth along the coastal inside passage en route to Alaska, including return trips down south to the port cities of Los Angeles and San Francisco. The most active of the five west coast ports (actually, nationwide) is undoubtedly Vancouver, with more than 50% of the cruise passenger traffic serving the Alaska market.

⁷ Rising Gas Prices May Keep Summer Road-Trippers Home: Goodyear Poll, available online from: <http://www.newswire.ca/en/releases/archive/June2009/30/c2978.html>

During the 2008 cruise season, average passenger spending was more than triple that of crew members (\$174.42 compared to \$56.04). An average in excess of 500 ships dock in BC every year (549 in 2008 alone) bringing an estimated 1.3 million passengers to BC’s coastal picturesque beauty. Additionally, travellers have the option of choosing between at least 13 different cruise lines and a variety of trip lengths.

Sticking with the coastal scene, BC Ferries also experiences noticeable peaks during the summer months, when passenger traffic almost triples in volume compared to winter.

The summer spike for BC Ferries indicates extensive travel between the Mainland and neighbouring islands



Data Source: BC Ferries

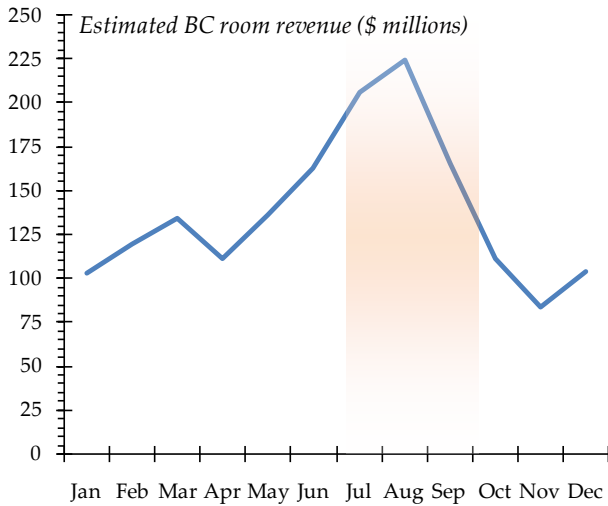
International ferry travel on the Washington State Ferries shows similar summer extremes. Almost two-thirds (64%) of this international ferry traffic occurs during the third quarter (July to September) every year.

Summer accommodations

The accommodation industry in BC is in place to support the weary heads of travellers, both local and visitors from afar.

During the three months from July to September, hoteliers collect more than a third (36%) of annual provincial room revenue.

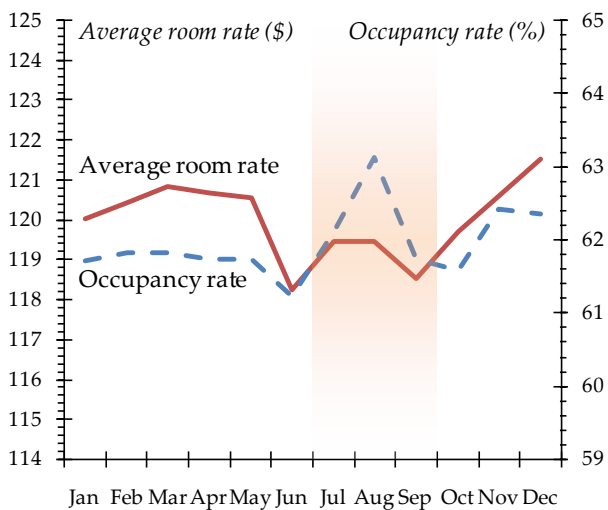
Travellers make use of accommodation purchases during the summer



Data Source: BC Stats

Even though occupancy rates spike over the summer (at 63.1% on average since 2000, for the entire province), average room rates are actually lower over the same period, compared to other months of the year.

Occupancy and room rates do not fluctuate much during the year



Data Source: PKF

Conclusion

Enjoy the summer, and take in what beautiful British Columbia has to offer!