



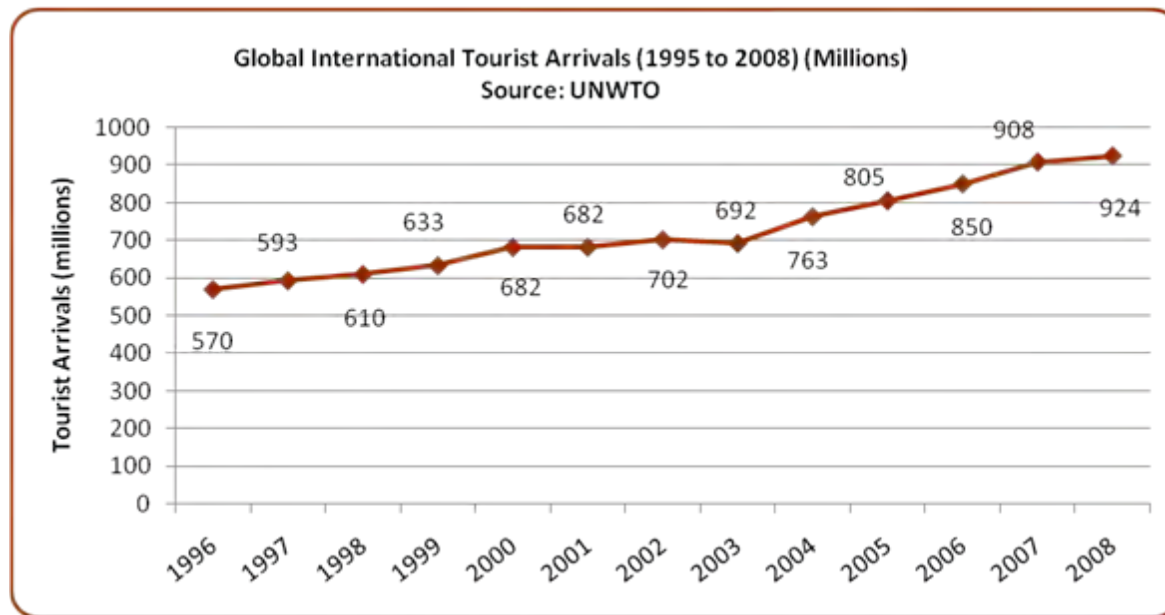
# General State of the Tourism Economy

June 26, 2009



# Global Tourism: Long-term Arrivals Trends

Global tourist arrivals increased by 64% (5%/year) between 1996 & 2008...almost 4x the global population growth rate of 16% (1.3%/year).

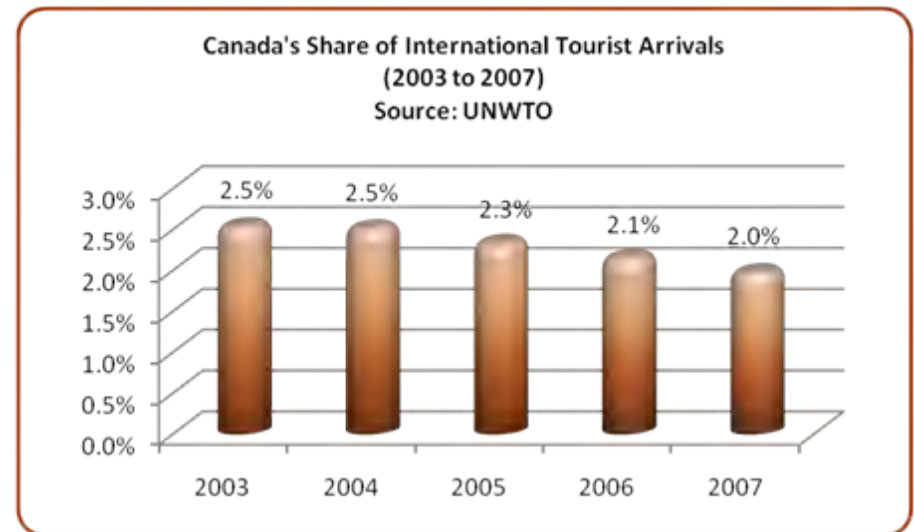


# Global Tourism: Short-term Trends

- ❖ UNWTO expects global tourism arrivals to decline by 2% to 3% in 2009.
- ❖ Globally, Jan/Feb 2009 arrivals were down 8% compared to 2008. North America fared better with declines of 3.4%.
- ❖ Many people taking advantage of cheaper travel costs (e.g., recession + add'l cruise ship capacity = great travel deals!).

# Canada Tourism: Arrivals Trends

Despite global growth trends in tourism arrivals, the number and share of arrivals in Canada has been declining.



# Canada Tourism: Visitor Origin Trends

Canada's traditional key overseas markets are changing...



Vistor Country of Origin	2005	2006	2007	2008 (prel.)	% chg 05-08
	('000)				
United States	14,390	13,865	13,371	12,451	-13%
Mexico	179	202	230	266	49%
United Kingdom	888	842	892	854	-4%
France	351	361	358	421	20%
Germany	311	298	298	320	3%
Japan	398	364	310	276	-31%
South Korea	173	189	188	184	6%
China	113	139	151	160	42%
Australia	179	178	208	239	34%

Source: Canadian Tourism Commission -Tourism Snapshot: Year in Review

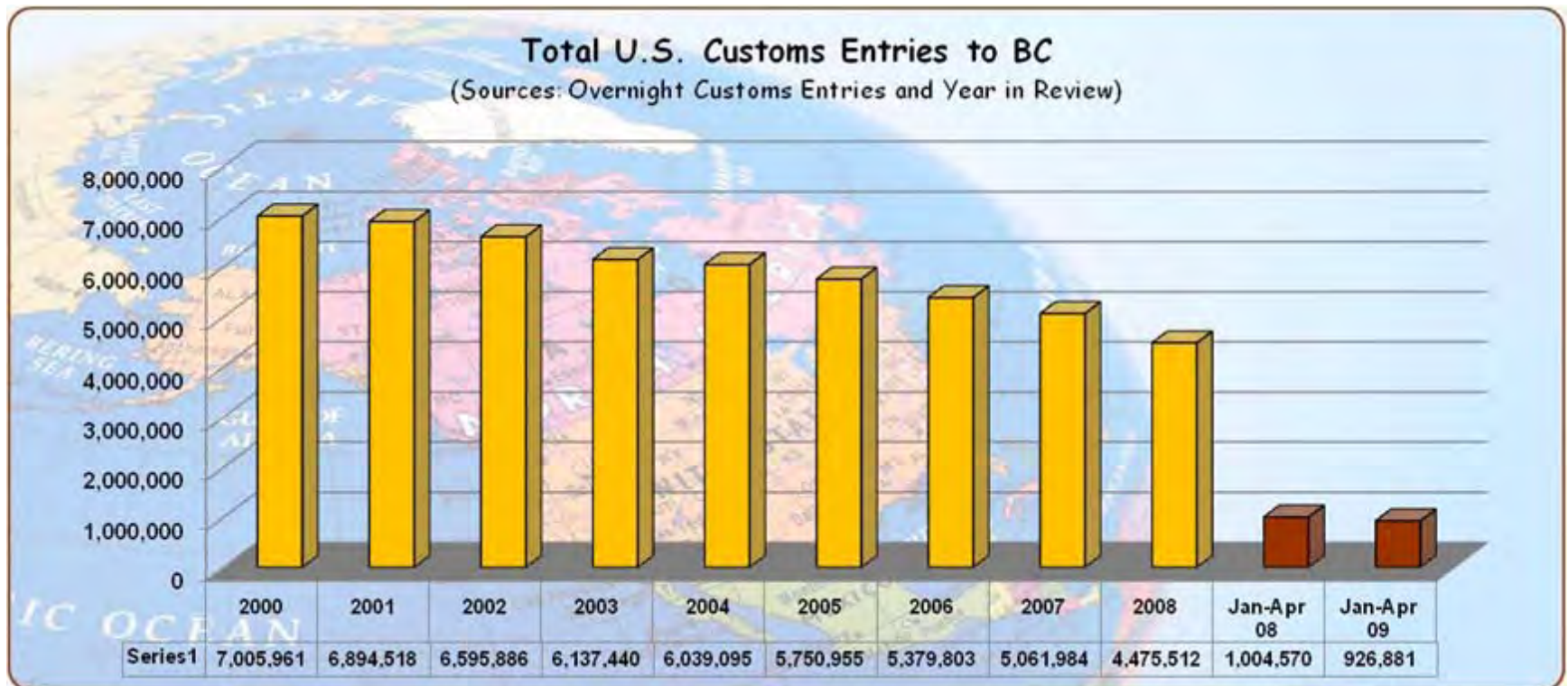
# Canada Tourism: Short-term Trends

- ❖ 2009 Jan. to Apr. customs entries down 4.7% from same period in 2008 (TBC Overnight Customs Entries):
  - USA overnight ↓ 4.0%
  - USA same day ↓ 2.6%
  - Asia/Pacific ↓ 6.3%
  - Europe ↓ 7.8%
- ❖ Of 20 markets tracked, 1<sup>st</sup> Q customs entries increased for 6 (China, India, SE Asia, Germany, Austria, France)
- ❖ 74% of Canadians plan to travel this year: of these, 28% plan to travel more, 54% same, 12% less (Cdn Travel Intentions Survey).

# BC Tourism: Trends

Year	Room Revenue (\$000)	Occupancy	Room Rate	Total Customs Entries
2004	1,587,185	62%	\$ 117	7,424,000
2005	1,681,564	65%	\$ 118	7,199,000
2006	1,807,609	66%	\$ 125	6,822,000
2007	1,963,944	67%	\$ 128	6,546,000
2008	1,977,178	65%	\$ 134	5,951,000

# U.S. Travel to B.C.



# BC Tourism: Short-term Trends

- ❖ 2009 Jan. to Apr. customs entries down 8.1% from the same period in 2008 (TBC Overnight Customs Entries):
  - USA overnight ↓ 10.1%
  - USA same day ↓ 3.9%
  - Asia/Pacific ↓ 2.9%
  - Europe ↓ 5.5%
- ❖ Of 20 markets tracked, 1<sup>st</sup> Q customs entries increased for 9 (China, NZ, India, SE Asia, Germany, Austria, Switzerland, France, Italy)

# B.C. Airport Traffic



Percent change from year to year:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	2004 to 2008 Change	Jan-May 2009
Victoria	5.7%	5.5%	5.4%	6.6%	3.8%	23%	-1.3%
Vancouver	9.8%	4.4%	3.1%	3.4%	2.0%	14%	(to Apr.) -10.1%
Nanaimo	7.2%	2.0%	11.2%	1.3%	11.0%	27%	-14.4%
Comox	10.8%	13.4%	13.8%	30.0%	-2.0%	64%	-17.3%
Kelowna	3.5%	20.3%	13.7%	11.2%	2.3%	56%	-6.0%

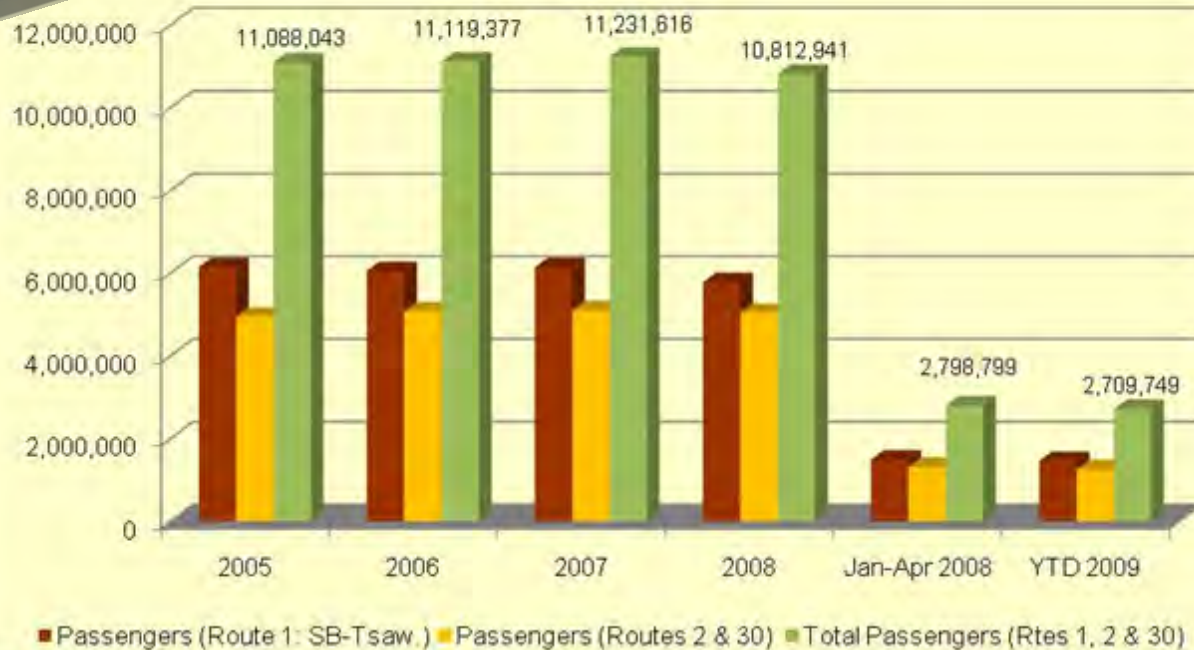
Source: TBC Tourism Indicators

# BC Ferries Passenger Traffic



BC Ferries Passenger Traffic - Rtes 1, 2 & 30

Source: BC Ferries

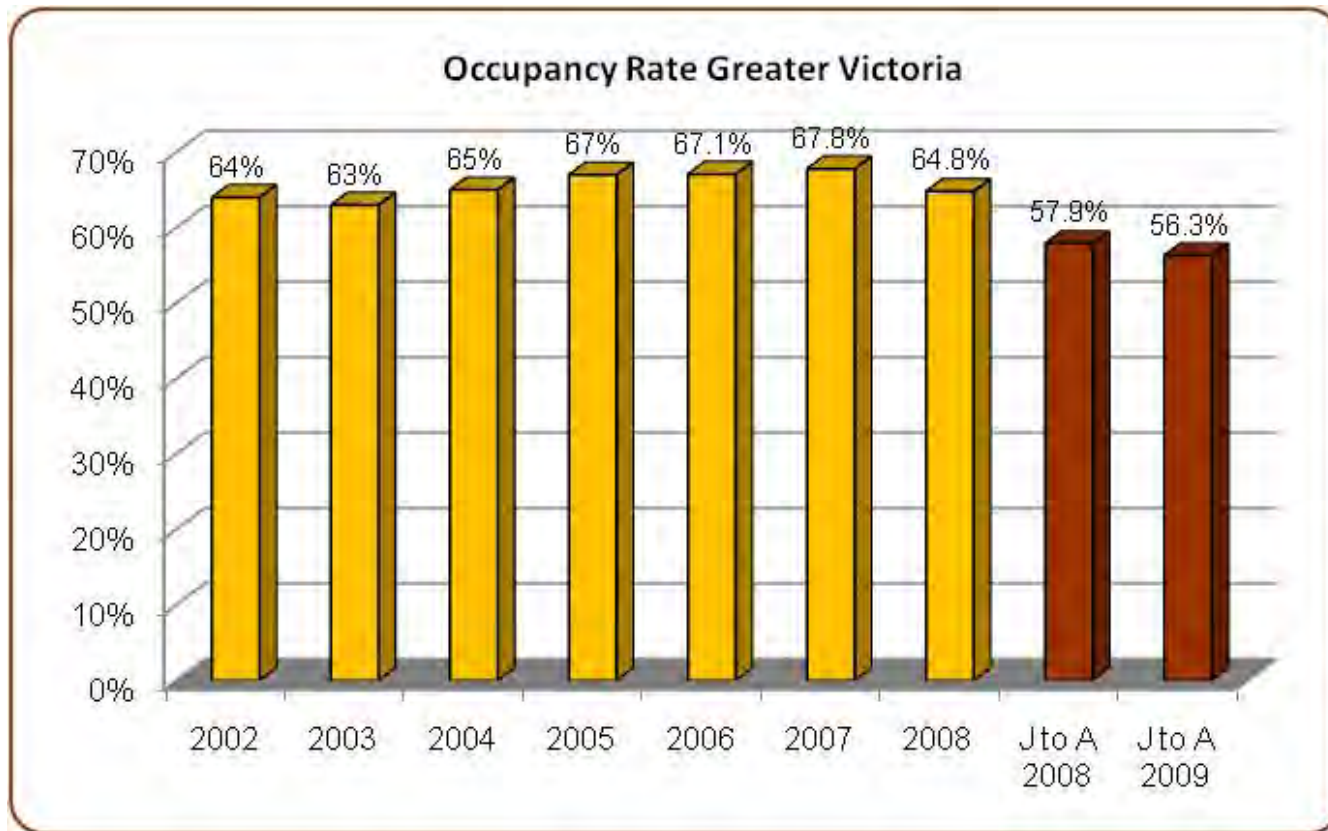


# BC - Foodservice Trends

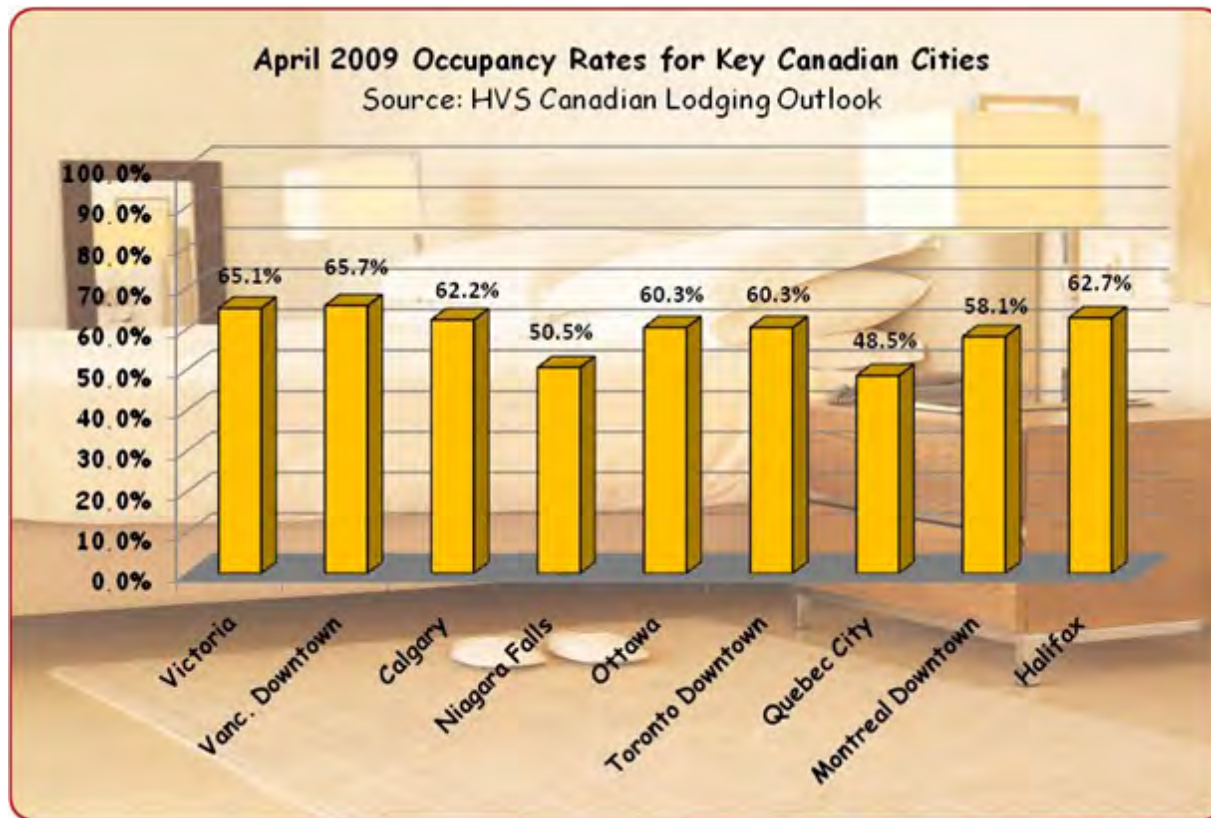
Year	Units	Sales (\$million)	Employment (000)
Source: CRFA Foodservice Facts			
2004	9,595	\$6,032	125.8
2005	9,565	\$6,131	128.8
2006	9,601	\$6,552	135.1
2007	12,153	\$7,582	141.1
2008	11,952	\$7,773	149.0



# Victoria - Occupancy Trends



# Comparison of April Occupancy



# Victoria - Room Rate Trends



# Victoria - Other Indicators

Cruise ship traffic remains a bright light (challenge for cruise companies will be selling space)

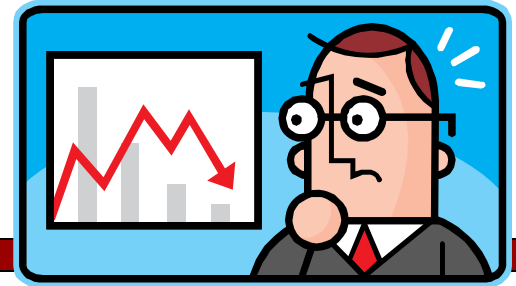


# Victoria - Other Indicators

Conference Centre delegate numbers off to a reasonably good start in 2009 (Jan to Apr)



# Economy & Tourism



- ❖ Some key economic considerations for tourism:
  - Recovery from financial crisis will take some time.
  - Household net worth and spending have been declining and debt has been increasing.
  - Unemployment in Canada and the U.S. is increasing (although this is helping to reduce labour force shortages)
  - Increased parity between U.S. and Cdn \$
  - Continuing adjustments in the airline industry
  - Fuel price volatility

# Travel behavior expectations?

- ❖ Higher proportion of visitors from closer markets on shorter visits
- ❖ Increased interest in free or less expensive opportunities (outdoor activities such as hiking, camping, parks).
- ❖ Experience and/or activity options, not destinations, will be a key driver of travel decisions.
- ❖ High proportion of baby boomer travelers (have most income and lowest debt).
- ❖ More visitors looking for deals.