



## 2007 Annual Review

### Looking Back

- *Weather:* 2007 was somewhat dryer than 2006 with 1102 mm precipitation versus 2006 with 1119 mm<sup>1</sup>. During peak travel months June, July and August, PEI had approximately 306 mm of precipitation versus 329 mm for the same period in 2006. Most of the summer precipitation came in August with over 150 mm of rain. Mean temperatures were slightly lower in 2007 (17.2 °C) versus 2006 (18.1 °C) for June, July and August. Historically speaking, September and October were relatively warm and dry months for 2007. This translated into a robust shoulder season.
- *Fuel Prices:* Crude oil prices began its most recent ascent in January, 2007 starting at approximately \$50 US/barrel, finishing the year around \$100 US/barrel. This translated into higher average gasoline prices in the US and Canada peaking in May at just under \$1.19/L in Canada and \$3.20/g in the US<sup>2</sup>. Average gasoline prices stayed relatively elevated throughout the summer months and into the fall.
- *Dollar:* The US Dollar experienced a drastic decline versus the Canadian dollar in 2007. The US Dollar began the year worth \$1.15 in Canadian dollars. In November the US dollar was valued less than \$.95 Canadian before settling around par by the end of the year.

### Transportation

- Air traffic at the Charlottetown Airport is continuing the pattern of growth seen in 2006. Air traffic finished up 12% for 2007. Some of this growth can be attributed to seasonal direct flights to both Detroit and Boston in 2007. The volume of US air traffic to PEI increased despite a rise in The Air Travel Price Index (ATPI) which tracks the cost of domestic and international airfares originating in the US<sup>3</sup>. During the third quarter 2007, this index reached its highest level since the index was introduced in 1995. The summer months experienced solid increases over 2006 and even April saw a 19% increase in traffic in 2007 after being up 31% in 2006.
- Traffic leaving PEI across the Confederation Bridge in 2007 was up 1% after being down 1% in 2006. Up 8%, July experienced the greatest increase in bridge traffic for the year.

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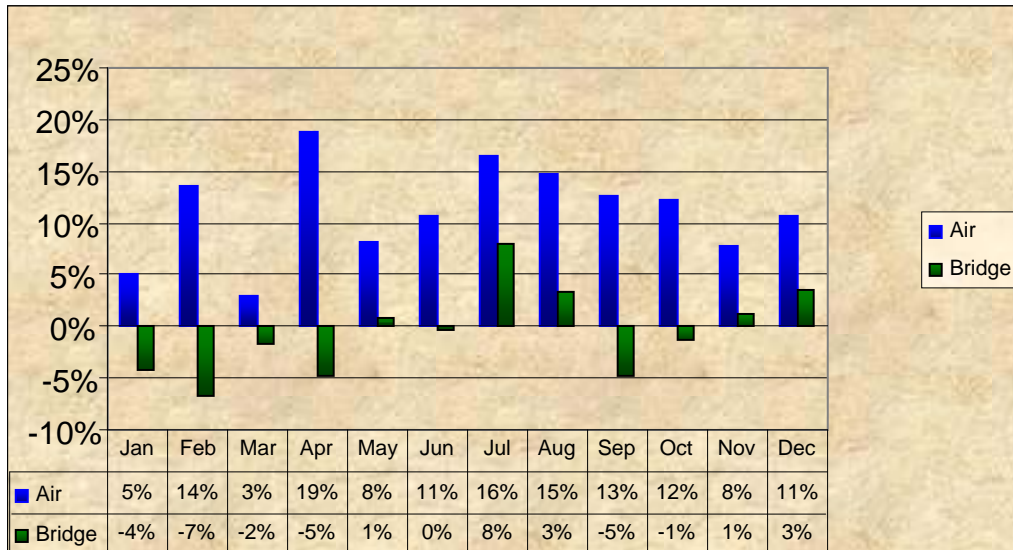
<sup>1</sup> Environment Canada

<sup>2</sup> OntarioGasPrices.com

<sup>3</sup> US Department of Transportation, Bureau of Transportation Statistics

- Figure 1 shows comparative traffic data for 2007.

**Figure 1: Comparative Traffic Data**



### Inquiries

- Inquiries to the call centre were down for the year 21%. January had the biggest increase, up 78%, while October and November each saw declines of 47%.
- The number of packages of tourism information mailed out for 2007 was down 20% from last year.

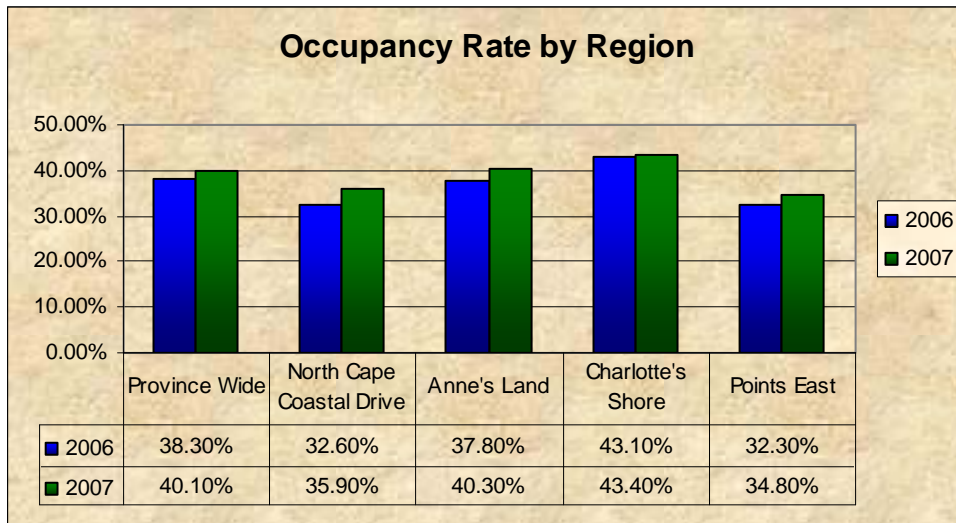
### Visitation

- Visitation at Provincial Park sites finished up for 2007. Visitations to Parks East and West were both up 5% for the year.
- The PEI National Park was down 12%; Province House was down 12%, and Green Gables was up 5%. Campgrounds finished down 1% for the year.
- Historic Site Visits were up 9% overall for 2007. Eptek, Basin Head and the Acadian Museum all had strong growth.

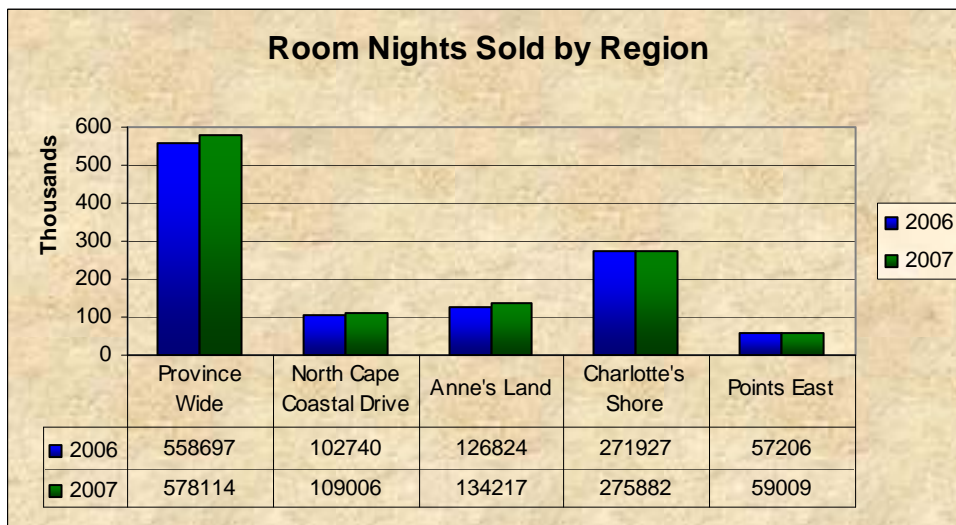
### Occupancy by Region

- Province-wide total room-nights sold in 2007 were up 3.5%. After a slow start to the year, the peak season showed solid growth and October was especially good with a 10% increase. The North Cape Coastal Drive and Anne's Land regions experienced growth of 5% and 5.8% respectively.
- Occupancy rates Province wide were up 1.8% for the year after being down slightly in 2006.
- Figure 2 shows comparative occupancy rates for the PEI Touring Regions and province-wide.
- Figure 3 shows comparative numbers of room-nights sold for the touring regions and province-wide.

**Figure 2: Occupancy Rates, 2006 vs. 2007**



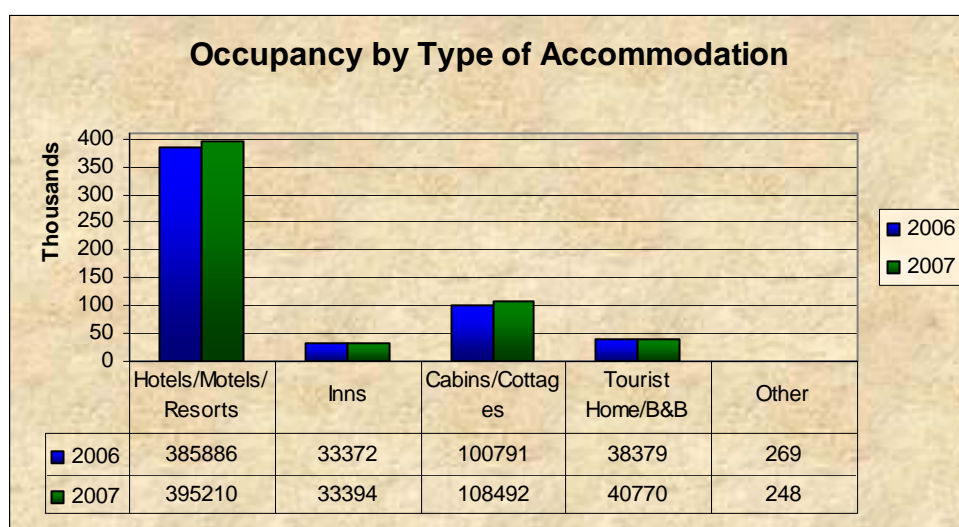
**Figure 3: Room-nights Sold, 2006 vs. 2007**



## Occupancy by Type of Accommodation

- Figure 4 shows the comparative occupancy rates for each type of accommodation.
- The occupancy rate for Hotels/Motels/Resorts showed modest growth versus 2006, up .9%
- Inns also had a relatively flat year down .1% over 2006
- Cabins/Cottages, finished with a 3.9% increase in occupancy and 7.6% increase in room nights sold for the year. Cabins/Cottages showed very strong growth going into the peak season and also finished the year very strong.
- Tourist Home/BBs finished with a 2.7% increase in occupancy and 6.2% increase in room nights sold for 2007.

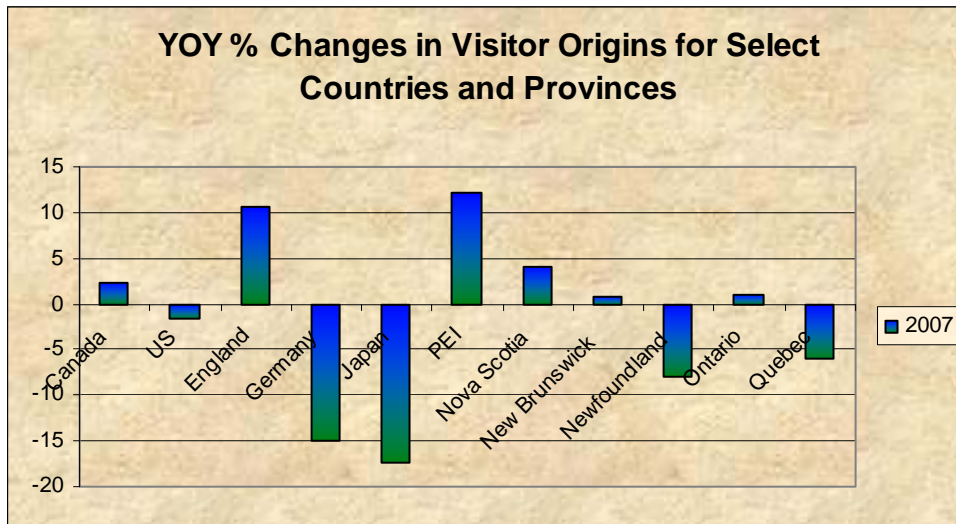
Figure 4: Occupancy Rates by Type of Accommodation, 2006 vs. 2007



## Room Nights Sold (RNS) by Origin

- Beginning in January 2007, accommodation operators began reporting origin data on all 13 provinces and territories, all 50 states and select countries.
- Of the people who visited PEI who stayed in fixed-roof accommodations, 83.1% of RNS were Canadians, 11.5% were Americans, and 5.4% were from other countries.
- RNS to Canadians in 2007 was up 2.3%. RNS to people from New Brunswick was up almost 1% in 2007 while Nova Scotia increased by 4.1%. RNS to Ontario was up slightly by .91%. Quebec was down 6.1% for 2007. RNS to Islanders was up an impressive 12.2%.
- US RNS declined 1.6% in 2007. RNS to New England states was down 3.3% for the year while RNS to the Mid-Atlantic states was up 3.5%.
- International RNS was up 70.8%, representing 5.4% of all RNS in 2007. Year-over-year data is not available for all overseas countries. Some notable countries include England (+10.7%) Germany (-15%) and Japan (-17.3%).
- Figure 5 shows that the distribution of origins changed compared to 2006.

Figure 5: Change in Origin Data (in percentage points)



## Conclusion

Despite some domestic and international economic challenges, 2007 was a relatively good year for tourism. Occupancy province wide was up 1.8% and room-nights-sold was also up 3.5%. Air traffic continues to post very good year-over-year numbers.

The weather during the peak season was favorable with less precipitation during June, July and August compared to 2006. September and October was warmer and dryer than average resulting in a strong shoulder season for PEI tourism.

There were a few economic factors working against tourism in 2007. The US dollar hit a 30 year low against the Canadian dollar in 2007. Oil reached \$100 US/b translating into historically high transportation costs domestically and internationally. US consumer confidence as measure by the RBC US Consumer Attitudes and Spending Index by Household (CASH)<sup>4</sup>, reached historic lows by the end of 2007. Nevertheless, room-nights-sold to US visitors was down only 1.6% versus 2006.

Canadian visitation as measure by room-nights-sold was up 2.3% with Nova Scotia and Prince Edward Island posting the largest year-over-year increases. With relatively high transportation cost, especially during peak travel months, travelers may have elected to stay closer to home in 2007.



<sup>4</sup> The RBC CASH Index is a monthly national survey of consumer attitudes on the current and future state of local economies, personal finance situations, savings and confidence to make large investments.