

Quarterly Bulletin of Statistics

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Visitors Arrivals and Expenditure:

Air Arrivals:

Air arrivals during the second quarter of 2006 jumped almost 10% compared to the second quarter in 2005 as a total of 101,133 tourists arrived on the Island. Air arrivals of this magnitude have not been seen since pre-September 11th, 2001. The sizeable jump in air visitors resulted from several new initiatives introduced this year, such as extensive advertisements in prominent overseas newspapers, magazines and TV report shows.

The introduction of new air routes from some of the existing carriers such as United Airlines and Delta Airlines also helped spur growth in the air travel sector. However, a more notable initiative was the introduction of low-cost airline carriers such as USA 3000 and Jet Blue. This presented an added level of competition to the air carrier market servicing Bermuda that resulted in lower airfare prices across the board.

However, this level of tourist arrivals still falls significantly short of the levels seen during Bermuda's tourism boom years. In the second quarter of 1987, 155,424 tourists visited the Island by air – over 50% more than the total experienced this year.

Visitors from the U.S. continued to make up the largest percentage of air arrivals to the Island, representing more than three quarters of all tourists. Air arrivals from the U.S. increased 10.6% to 79,368 compared to 71,765 visitors in the second quarter of 2005. The number of Canadian visitors remained static for the quarter. However, the number of visitors originating from the U.K. jumped 17.1%, reflecting the increased capacity on the London –Bermuda route. In addition, the number of air travellers from Europe and the rest of the world experienced a 3.4% and 5.7% increase, respectively.

The increase in air arrivals translated into a similar boost in bookings by visitors for accommodations, up 9.8% overall. Resort hotels recorded higher occupancy rates in the second quarter of 2006, when compared to the same quarter of 2005. The number of visitors staying at resort hotels rose to 51,394 guests, up 9.9% from the 46,781 recorded in 2005. In addition, Housekeeping Accommodations experienced significant growth in the second quarter increasing 44%. There were modest gains in the number of visitors staying at Guest Houses (+ 5.4%) and Small Hotels, Cottage Colonies & Private Clubs (+ 1.1%). On the other hand, roughly 12% more visitors stayed in private homes.



Expenditure by Air Arrivals:

Passengers arriving to the Island by air spent an estimated \$131.9 million during the second quarter of 2006, approximately \$15.6 million more than the second quarter of 2005. The higher spending activity can be attributed directly to the higher volume of tourists arriving as a result of the introduction of two new airlines and the launch of the annual Newport-Bermuda race held during the second quarter period. This year's Newport-Bermuda Yacht race was said to be the largest sports event in the Island's history, adding an estimated \$6 million to Bermuda's economy. The event was one of the focal points of a robust quarter which saw expenditure on accommodation and food

jump 13.5% to \$102.7 million from \$90.5 million last year. In addition, spending on shopping, entertainment and transportation advanced 13.2%, to \$29.2 million. Overall, many retailers experienced a boom in sales due to the influx of air visitors during the week of the yacht race.

Cruise Arrivals & Expenditure:

A total of 122,560 cruise passengers arrived in Bermuda during the second quarter of 2006. This reflected the highest second quarter level for cruise visitors in Bermuda's cruise ship history, and showed strong growth over an already robust quarter last year. Cruise ship arrivals jumped 48% over the corresponding period in 2005. This boom in the volume of



Visitor Arrivals							Table 1
	Cruise Passengers	U.S.A.	Air Visitors by Country of Origin			Total (1)	Cruise & Air Visitors
			Canada	U.K.	Other		
2003							
1st Qtr	136	26,082	6,060	3,602	1,947	37,691	37,827
2nd Qtr	75,691	75,380	7,269	6,845	3,905	93,399	169,090
3rd Qtr	116,821	66,231	5,645	6,393	3,950	82,219	199,040
4th Qtr	33,449	30,215	5,511	4,827	2,714	43,267	76,716
Year	226,097	197,908	24,485	21,667	12,516	256,576	482,673
2004							
1st Qtr	743	23,692	6,126	3,238	2,016	35,072	35,815
2nd Qtr	76,365	70,009	7,524	6,345	4,796	88,674	165,039
3rd Qtr	101,295	75,303	6,278	6,567	4,074	92,222	193,517
4th Qtr	27,730	40,050	6,564	5,284	3,755	55,653	83,383
Year	206,133	209,054	26,492	21,434	14,641	271,621	477,754
2005							
1st Qtr	497	27,601	5,885	3,763	2,166	39,415	39,912
2nd Qtr	82,773	71,765	8,453	6,837	5,060	92,115	174,888
3rd Qtr	112,377	66,664	6,561	6,431	3,818	83,474	195,851
4th Qtr	51,962	37,974	7,769	5,415	3,424	54,582	106,544
Year	247,609	204,004	28,668	22,446	14,468	269,586	517,195
2006							
1st Qtr	426	26,732	5,855	4,016	2,293	38,896	39,322
2nd Qtr	122,560	79,368	8,450	8,003	5,312	101,133	223,693

1. Excludes ship and yacht visitors.

Source: Tourism Department

Visitors by Intended Type of Accommodation								Table 2
	Resort Hotels	Small Hotels, Cottage Colonies & Clubs	Housekeeping Accommodation	Guest Houses	Private Homes ⁽¹⁾	Not Stated	Total ⁽²⁾	
2003								
1st Qtr	18,940	7,544	2,018	226	8,902	61	37,691	
2nd Qtr	48,552	21,209	4,056	405	18,956	221	93,399	
3rd Qtr	40,621	18,036	3,878	226	19,177	281	82,219	
4th Qtr	15,077	12,042	2,626	291	13,099	132	43,267	
Year	123,190	58,831	12,578	1,148	60,134	695	256,576	
2004								
1st Qtr	15,243	8,246	2,445	497	8,588	53	35,072	
2nd Qtr	39,413	22,634	5,519	916	19,925	265	88,672	
3rd Qtr	43,103	20,920	5,031	883	21,944	341	92,222	
4th Qtr	26,172	12,147	2,596	548	14,049	141	55,653	
Year	123,931	63,947	15,591	2,844	64,506	800	271,619	
2005								
1st Qtr	19,104	8,178	2,211	445	9,395	82	39,415	
2nd Qtr	46,781	20,144	4,039	690	20,273	188	92,115	
3rd Qtr	40,730	17,972	4,758	651	19,156	207	83,474	
4th Qtr	26,638	11,276	2,677	484	13,356	151	54,582	
Year	133,253	57,570	13,685	2,270	62,180	628	269,586	
2006								
1st Qtr	20,139	6,857	2,045	437	9,384	34	38,896	
2nd Qtr	51,394	20,369	5,820	727	22,669	154	101,133	

1. This category includes persons staying in commercial accommodation units with less than 12, as well as persons visiting with friends and relatives.
2. Excludes cruise visitors.

Source: Tourism Department

Estimated Expenditure of Vacation and Business Visitors \$ Million							Table 3
	Air Visitors			Cruise Visitors	Total Expenditure		
	Accommodation and Food	Shopping, Entertainment, Transport, etc.	Total				
2003							
1st Qtr	20.9	17.1	38.0	0.0		38.0	
2nd Qtr	68.7	55.7	124.4	18.8		143.2	
3rd Qtr	38.0	45.2	83.2	29.0		112.2	
4th Qtr	20.6	25.6	46.2	8.3		54.5	
Year	148.2	143.6	291.8	56.1		347.9	
2004							
1st Qtr	33.8	10.5	44.3	0.2		44.5	
2nd Qtr	85.6	26.4	112.0	18.6		130.6	
3rd Qtr	89.0	27.5	116.5	24.7		141.2	
4th Qtr	53.7	16.6	70.3	6.8		77.1	
Year	262.1	81.0	343.1	50.3		393.4	
2005							
1st Qtr	38.7	11.1	49.8	0.1		49.9	
2nd Qtr	90.5	25.8	116.3	17.9		134.2	
3rd Qtr	82.1	23.3	105.4	24.4		129.8	
4th Qtr	53.7	15.2	68.9	11.3		80.2	
Year	265.0	75.4	340.4	53.7		394.1	
2006							
1st Qtr	39.3	11.1	50.4	0.1		50.5	
2nd Qtr	102.7	29.2	131.9	27.3		159.2	

1. Please note that improvements to the travel expenditure methodology from Q1 2004 to the current quarter make comparisons with the historical data no longer possible.

Source: Department of Statistics

cruise ship passenger arrivals was attributed to two additional cruise landings each by the Saga Ruby and the Costa Magica during the second quarter season. In addition, seven new cruise ship liners were also added to the schedule, some of which included the Carnival Legend, the Constellation and the Norwegian Dream. In the second quarter of 2005, 57 cruise ships docked in Bermuda, compared to 70 cruise ships in 2006.

Per capita expenditure for cruise ship visitors was estimated to be \$223 per visitor. This translated into a total expenditure of \$27.3 million, a significant increase of 52% from the level reached in the second quarter of 2005. Purchases of goods and services included entertainment, souvenirs, transportation, sightseeing tours and sport activities.

An often overlooked segment of the cruise ship expenditure tally is the contribution made by cruise ship crewmembers. In the second quarter of 2006, they spent an estimated \$123 per person, which added \$3.3 million in revenue to the Island's economy.

Hotel Employment:

There were 2,910 employees in the accommodations industry at the end of April 2006. This level of employment in the hotel industry was 5.2% below the level recorded in the same period of 2005. The decrease in employment however, does not align with the 9.8% jump in air arrivals experienced by tourist properties. This may be due in part to hotel employment levels being measured on the



Employment in Hotel Industry by Type of Establishment¹

Table 4

		Hotels	Cottage Colonies & Housekeeping	Guest Houses & Micro-Units ²	All Establishments
2003					
1st Qtr	January	2,312	562	22	2,896
2nd Qtr	April	2,655	607	22	3,284
3rd Qtr	July	2,651	622	18	3,291
4th Qtr	October	2,082	558	17	2,657
2004					
1st Qtr	January	1,328	530	14	1,872
2nd Qtr	April	2,323	600	19	2,942
3rd Qtr	July	2,456	626	19	3,101
4th Qtr	October	2,320	569	16	2,905
2005					
1st Qtr	January	2,253	458	15	2,726
2nd Qtr	April	2,383	677	10	3,070
3rd Qtr	July	2,531	733	16	3,280
4th Qtr	October	2,453	647	14	3,114
2006					
1st Qtr	January	2,148	562	20	2,730
2nd Qtr	April	2,241	652	17	2,910

1. As at the end of each reference month.

2. Micro units are establishments having a capacity of 6-11 beds.

Source: Department of Statistics

Resident Purchases Abroad ¹ \$000										Table 5
	Clothing & Footwear	Electronic & Photographic Equipment	Hhld Items Furniture & Appliances	Toys & Sports Goods	Tapes Records & Compact Discs	Computer Hardware & Software	Jewellery & Watches	Tools Machinery & Parts	Misc.	Total
2003										
1st Qtr	2,617	527	796	307	472	438	107	383	1,567	7,214
2nd Qtr	4,968	780	837	522	375	500	84	268	1,419	9,753
3rd Qtr	5,265	812	1,211	556	1,083	649	169	464	1,966	12,175
4th Qtr	6,091	1,339	1,232	723	629	690	216	443	1,790	13,153
Year	18,941	3,458	4,076	2,108	2,559	2,277	576	1,558	6,742	42,295
2004										
1st Qtr	2,881	894	830	361	458	348	196	315	1,240	7,523
2nd Qtr	7,279	952	1,109	637	701	627	403	283	1,931	13,922
3rd Qtr	6,411	1,303	955	613	893	745	426	565	2,520	14,431
4th Qtr	7,922	1,607	662	848	1,173	728	448	640	3,292	17,320
Year	24,493	4,756	3,556	2,459	3,225	2,448	1,473	1,803	8,983	53,196
2005										
1st Qtr	4,728	1,235	593	522	853	594	372	308	2,663	11,868
2nd Qtr	6,941	1,055	654	576	632	515	387	281	3,139	14,180
3rd Qtr	7,171	1,266	787	652	803	663	465	333	3,974	16,114
4th Qtr	8,811	1,667	786	915	963	776	576	304	3,703	18,501
Year	27,651	5,223	2,820	2,665	3,251	2,548	1,800	1,226	13,479	60,663
2006										
1st Qtr	5,348	1,144	566	509	649	591	427	253	2,762	12,249
2nd Qtr	8,311	1,119	717	535	597	581	396	267	3,261	15,784

1. Value of goods as declared to Customs on entry or re-entry to Bermuda. Does not include purchases through mail-order or telemarketing

Source: H.M. Customs

last day of the month in April, instead of average employment levels for the quarter.

Total employment within major resort hotels experienced the largest decline in employment when compared to 2005 levels. There were 142 fewer employees or a 6.0% decline in workers. Additionally, employment within cottage colonies and housekeeping accommodations fell 3.7% or by 25 employees when compared to the same period in 2005. In contrast, guest houses and micro-units advanced 70%, increasing by 7 employees when compared to April 2005 levels.

However, major resort hotels remained the largest employer in the accommodations industry. At the end of April 2006, major hotels employed 77% of all employees in the accommodations industry, a total of 2,241 employees. Cottage colonies and housekeeping units employed 22% of all employees in the hotel industry, representing 652 workers. Guest houses and micro-units continued to employ less than 1% of workers in the accommodations industry, employing only 17 workers.

Hotel Gross Receipts

Total revenues for the accommodations industry climbed 11.9% in the second quarter of 2006 as resort hotels, small hotels and cottage colonies experienced double-digit gains in gross receipts. Resort hotels experienced a substantial rise in sales revenue of 11.8% over the same period in 2005. This represented a gain of \$9.1 million in revenue. Room occupancy revenue for resort hotels totalled \$49.8 million in the second quarter 2006. This was 13.5% or \$5.9 million more than the mon-

ies earned from hotel rooms in the same quarter of 2005. Revenues earned from room sales accounted for 57.7% of total revenue earned by resort hotels in the second quarter of 2006. The increase in revenue from room sales can be partly attributed to the 9.8% increase in air arrivals during the second quarter.

Gross receipts earned by small hotels also increased strongly, advancing 11.9% over the same period in 2005. This reflected a \$1.3 million increase in revenue. Sales from room occupancy alone totalled \$8.8 million, which accounted for 72.8% of the revenue earned by small hotels in the second quarter of 2006.

Note to users: The Accommodations Industry in Bermuda is made up of Resort Hotels, Small Hotels, Cottage colonies and other properties for the purposes of the Quarterly Hotel Gross Receipts Survey.



Overseas Spending by Residents

Overseas spending reached new heights for a second quarter period, as residents declared a total value of \$15.8 million on goods purchased abroad. This level of spending is unsurpassed in comparison to spending levels in any other second quarter since the start of collecting the data in 1986. Second quarter spending was up 11.3% or \$1.6 million year-over-year. The increase in overseas spending directly reflected a rise in the number of residents travelling abroad, which was approximately 6.2% higher during the quarter. In comparison, domestic retail sales in the same quarter declined 2.1%. Overseas spending continued to represent only a small portion of total retail purchases by consumers. In the second quarter, retail sales in the local retail market totalled \$166.1 million compared to the \$15.8 million spent by residents overseas. This represented less than 10% of domestic retail sales.

Average outlays on purchases of goods increased 4.8% to \$400 per resident in the second quarter of 2006. Expenditures on clothing and footwear accounted for more than half of all overseas spending. The substantial \$8.3 million spent on apparel was 19.7% above the level recorded in the same quarter of last year. In comparison, domestic clothing retailers registered a 29.6% decline in sales during the corresponding period.

Other sizeable increases in overseas spending included purchases of computer hardware and software (+\$66,000); household items, furniture and appliances (+\$64,000); electronic and photographic equipment (+\$64,000); as well as purchases of jewellery and watches (+\$9,000).

In contrast, there were lower expenditures for purchases of toys and sports goods (-\$41,000); tapes and compact discs (-\$35,000; as well as tools, machinery and parts (-\$14,000).

Resident Trips Abroad

Residents took a total of 39,462 overseas trips during the second quarter of 2006. This represented an increase of 2,318 trips and was 6.2% higher than the 37,144 trips taken in the second quarter of 2005. Moreover, the number of trips taken by residents during the quarter surpassed all other second quarter periods, since the initial collection of the data in 1987. The overall growth in resident trips abroad can be attributed in part to discounted airfares offered to overseas destinations and improved seat capacity.

The growth in overseas travel was characterized by an increase in the number of trips to the United States, the United Kingdom and the All Other Countries category. Meanwhile, resident trips to neighbouring Canada declined in the second quarter of 2006.

The United States was the most popular destination, representing nearly three-quarters of all trips taken by residents. The 27,876 trips to the United States were up 6.7%, representing a total of 1,756 more trips taken when compared to the same quarter in 2005. Trips to the United Kingdom and All Other Countries both registered double-digit gains of 12.3% and 11.6%, respectively. However, trips to Canada declined for the fifth consecutive quarter.

Of the 39,462 trips taken by residents, 86.0% or 33,918 trips were vacation trips or trips to visit friends

and family. This was 10.6% above the 30,666 vacation trips recorded during the same quarter in 2005. The number of trips declined year-over-year for both international business purposes (-33.2%) and for local business purposes (-10.5%). However, resident trips for other reasons such as medical and educational related travel increased 6.5%. A total of 1,817 trips were taken versus 1,706 trips in 2005.



Resident Trips Abroad by Purpose and Country of Destination

Table 6

	Purpose of Trip				Country of Destination (1)				Total Trips
	Vacation	Local Business	International Business	Other Reasons	United States	Canada	United Kingdom	All Other Countries	
2003									
1st Qtr	21,730	1,770	1,875	1,224	17,515	3,790	2,904	2,288	26,497
2nd Qtr	26,160	2,300	1,881	1,356	21,959	3,920	3,015	2,261	31,155
3rd Qtr	35,799	2,073	1,623	1,496	27,001	6,209	4,375	2,778	40,363
4th Qtr	37,404	2,259	1,985	1,161	31,069	5,586	3,343	2,895	42,893
Year	121,093	8,402	7,364	5,237	97,544	19,505	13,637	10,222	140,908
2004									
1st Qtr	21,854	2,367	2,285	1,493	18,526	3,450	2,859	2,390	27,225
2nd Qtr	30,293	2,680	2,191	2,043	26,654	4,874	3,242	2,803	37,573
3rd Qtr	37,478	2,288	1,833	4,632	31,715	6,372	4,631	3,406	46,124
4th Qtr	36,906	2,271	1,956	3,630	32,777	5,400	3,707	2,811	44,695
Year	126,531	9,606	8,265	11,798	109,672	20,096	14,439	11,410	155,617
2005									
1st Qtr	23,784	2,144	2,022	1,504	20,146	3,478	3,006	2,846	29,454
2nd Qtr	30,666	2,384	2,388	1,706	26,120	4,764	3,304	2,956	37,144
3rd Qtr	41,143	1,939	2,135	2,700	32,432	5,521	5,001	4,963	47,917
4th Qtr	40,345	2,054	2,284	1,877	33,814	5,209	3,706	3,831	46,560
Year	135,938	8,521	8,829	7,787	112,512	18,972	15,017	14,596	161,075
2006									
1st Qtr	24,958	2,329	2,298	2,451	21,939	3,469	3,389	3,239	32,036
2nd Qtr	33,918	2,133	1,594	1,817	27,876	4,578	3,709	3,299	39,462

1. Generally taken as the country of initial destination in a multi-country tour; the United States and the United Kingdom are 'gateways' in this regard, and as a consequence they tend to mask tours to South America the Caribbean, Europe and Asia.

Source: Tourism Department

About the Quarterly Bulletin

The Quarterly Bulletin of Statistics highlights some of the main economic indicators developed by the Department of Statistics. The content and presentation of this publication will vary each quarter depending on topicality and coverage of the published statistics.

A brief analysis of the data for the reference quarter is provided for key sectors of the economy. Additionally, to assess and monitor economic trends, the tables show a series of quarterly figures over a four-year period. The source of data varies for each table.

This publication has been re-vamped and does not contain all the tables that were published in previous Bulletins. However, the data is available and users are encouraged to call the Department to request any information not presented in this report.

Other Statistical Publications:

- Monthly Consumer Price Index
- Monthly Retail Sales Index
- Annual Facts and Figures Pamphlet
- Annual Employment Survey Brief
- Report on the 2000 Census of Population & Housing
- Bermuda Labour Force Trends
- Bermuda Social Dynamics
- The Changing Face of Bermuda's Seniors Report
- The 2004 Household Expenditure Survey (HES) Report

Symbols used in tables:

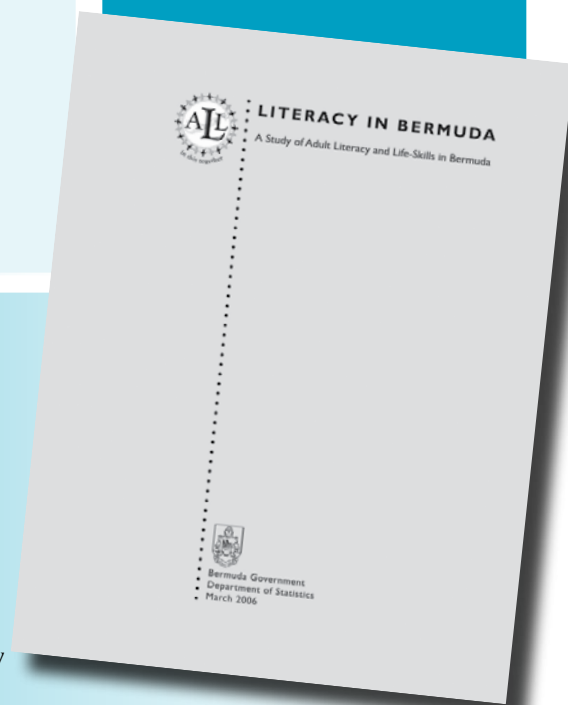
- .. not available
- nil or negligible
- e, p estimated or provisional
- figure revised figure
- r revised figure
- Q1 1st quarter (Jan.-Mar.)
- Q2 2nd quarter (Apr.-Jun.)
- Q3 3rd quarter (Jul.-Sep.)
- Q4 4th quarter (Oct.-Dec.)

The results of a first-time ever **Adult Literacy & Life Skills Survey**

(ALL) conducted in Bermuda is planned for release this April. Unlike the International Report, released in May 2005, this report provides an in depth analysis of literacy proficiency for Bermuda's adult population aged 16 to 65.

The report will highlight the relationship between literacy skills and a variety of socio-economic factors, such as education, reading habits, and occupation.

The ALL Survey was the first milestone in a continuous assessment of how well the Island's adults cope with the literacy demands of everyday life.



**FOR FURTHER INFORMATION
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